

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you should immediately consult your stockbroker or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended).**

If you have sold or transferred all your Ordinary Shares you should hand this document together with the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. If you have sold or transferred only part of your holding in Ordinary Shares in the Company, you should retain these documents. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction.

Manchester & London Investment Trust plc and the Directors of the Company, whose names appear on page 3, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **MANCHESTER & LONDON INVESTMENT TRUST PLC**

*(an investment company within the meaning of the Companies Act 1985 (as amended); incorporated and registered in England & Wales with registered number 01009550 )*

### **Proposed change to the Company's Investment Policy and Notice of General Meeting**

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**This Circular should be read as a whole. Your attention is nonetheless drawn to the letter from the Chairman of Manchester & London Investment Trust plc which is set out in Part I of this document and which recommends that you vote in favour of the resolution to be proposed at the General Meeting. Your attention is also drawn to the section entitled "Action to be Taken" on page 5 of this document.**

Notice of the General Meeting of the Company to be held at St. Anne's Church, St. Anne Street, Manchester, M2 7LF, at 1.00 p.m. on Monday 2 December 2013 is set out on page 9 of this document. The accompanying Form of Proxy for use by Shareholders at the General Meeting is at the end of this document and, in order to be valid, should be completed and returned in accordance with the instructions printed thereon so as to be received by the Company Secretary, Manchester & London Investment Trust plc at the registered office of the Company at 2<sup>nd</sup> Floor, Arthur House, Chorlton Street, Manchester, M1 3FH, as soon as possible and in any event not later than 1.00 p.m. on Saturday 30 November 2013. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they wish to do so.

Copies of this document will be available from the Company's website: [www.manchesterandlondon.co.uk](http://www.manchesterandlondon.co.uk)

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### **EXPECTED TIMETABLE**

Latest time and date for receipt of Forms of Proxy for the General Meeting	1.00 p.m. on 30 November 2013
General Meeting	1.00 p.m. on 2 December 2013

### **Notes**

1. References to time in this Circular are to London time unless otherwise stated.
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on a RIS and in accordance with the Company's articles of association.

# **PART I**

## **LETTER FROM THE CHAIRMAN**

### **MANCHESTER & LONDON INVESTMENT TRUST PLC**

*(Incorporated in England & Wales with registered number 01009550)*

*Directors:*

P. H. A. Stanley - Chairman  
B. L. Miller, BA, LL.B - Director  
D. Harris - Director

*Registered Office:*

2nd Floor, Arthur House,  
Chorlton Street,  
Manchester, M1 3FH

*To Shareholders and (for information purposes) holders of options*

25 October 2013

Dear Sir or Madam,

#### **Recommended proposal for modification of the Company's Investment Policy Notice of General Meeting**

##### **1. Introduction**

Your Board has today announced proposed changes to the Company's investment policy, which are subject to Shareholders' approval as required by the Listing Rules.

This Circular sets out the Board's Proposal, its effect on your Company and the reasons why the Board unanimously recommends that you vote in favour of their implementation at the General Meeting, notice of which is set out at the end of this document.

##### **2. The Proposal**

The Company is seeking approval to amend its investment policy by removing the following text referring to trading (including the use of Derivatives) from the 'Asset allocation and risk diversification' section of its investment policy:

*These investments may be used for hedging positions against movements in, for example, equity markets, currencies and interest rates. In addition, these instruments will only be used for efficient portfolio management purposes.*

*For the avoidance of doubt, the use of such instruments to engage in trading transactions is strictly against the Company's investment policy. Any trading transactions will be carried out through dealing subsidiaries of the Company. The Company would not maintain derivative positions should the total underlying exposure of these positions exceed one times the adjusted total capital and reserves.*

There are two reasons for the Company seeking to remove this text:

1. Until recent changes in the tax rules, if an investment trust was party to any trading transaction, then not only was any income from the transaction taxable but it could result in the investment trust breaching the condition that at least 70 per cent of its income was derived from shares and securities, with the resultant loss of investment trust status. Following the implementation of HM Treasury's enactment of the Investment Trusts (Approved Company) (Tax) Regulations 2011 (SI 2011/2999) ("the Regulations") as well as the amendment in 2012 of Sections 1158 and 1159 of the Corporation Tax Act 2010, the

Company is no longer required to use a trading subsidiary for undertaking trading transactions.

2. Additionally, following the introduction of the European Union's ("EU") Alternative Investment Fund Managers Directive ("AIFMD"), which investment companies within the EU must adhere to by 22 July 2014, the Company will be required to appoint a depositary if its gross assets exceed €100m.

It appears increasingly likely that in order to appoint a depositary, the Company will have to appoint a prime broker and fund administrator. From initial discussions with depositaries, it appears that depositaries are most keen to offer their services when bundled with a fund administration service whereby the actual custody of assets is predominantly outsourced via a prime broker. The prime broker offers a platform service which allows the fund to source, execute and settle its chosen market transactions in one location, often as Derivatives. This move is likely to be costly and arduous but may have some benefits in reducing custody costs, commission costs, interest costs and stamp duty. Therefore if the Company were to hold 100 per cent of its Gross Assets as Derivative it would be almost certain that, as a result, its holdings of Derivatives would exceed the limit in its present investment policy of 100 per cent of the adjusted total capital and reserves.

The Company will continue to observe the investment restrictions imposed from time to time by the Listing Rules which are applicable to investment companies with shares listed on the Official List of the UKLA under Chapter 15 while its shares are Listed and traded on the London Stock Exchange. The Listing Rules currently include a requirement that an Investment Trust must not conduct any trading activity which is significant in the context of its group as a whole.

The amended wording of the Investment Policy is proposed to be as follows:

*The Company may invest in derivatives, money market instruments, currency instruments, contracts for differences ("CFDs"), futures, forwards and options for the purposes of (i) holding investments and (ii) hedging positions against movements in, for example, equity markets, currencies and interest rates.*

Some of the investments above may have the same effect as a geared investment, but the Company does not intend to make any effective change to its gearing policy, which permits the Company to incur borrowing up to a sum equal to two times the adjusted total of capital and reserves. Accordingly the following new text will be inserted into the Company's gearing policy if the Proposal is approved:

*The effect of gearing may be achieved without borrowing by investing in a range of different types of investments including derivatives. The Company will not enter into any investments which have the effect of increasing the Company's net gearing beyond the above limit.*

The proposed Investment Objective and Investment Policy, as amended by the approval of the Proposal, is set out in Part II.

### **3. Effect of the proposed change in investment policy**

The key effect of the change in this investment policy will be that an investment position the Fund holds in underlying shares at present may in future be held as Derivatives. There are extra costs associated with holding positions as derivatives which is countered by savings in custodian fees and stamp duty. Otherwise the key difference between a direct investment in shares and of holding a position as a Derivative is that the Company can exercise the voting rights attached to shares it holds directly, but cannot vote at shareholder's meetings with Derivatives.

The Company's gearing or risk profile remains the same whether the Company holds a £100 position in a direct shareholding or as a Derivative, except to the extent the insolvency risk at the prime broker is higher where the prime broker, as principal, is a counterparty to a derivative than would be the case with a custodian, who has no principal interest in the assets held on behalf of the Company.

#### **4. General Meeting**

You will find set out on page 9 of this document a notice convening a General Meeting of the Company, which is to be held at St. Anne's Church, St. Anne Street, Manchester, M2 7LF, at 1.00 p.m. on Monday 2 December 2013.

The following resolution (which will be proposed as an ordinary resolution) will be considered at the General Meeting:

**THAT** the investment policy of the Company be amended in the manner described in the Circular of the Company dated 25 October 2013.

#### **5. Action to be taken in respect of the General Meeting**

##### *Form of Proxy*

Shareholders will find a Form of Proxy for use at the General Meeting at the end of this document. You are requested to cut out the Form of Proxy where indicated, then complete and return it in accordance with the instructions printed thereon and the notes to the Form of Proxy on page 10, so as to be received by the Company Secretary, Manchester & London Investment Trust plc, 2nd Floor, Arthur House, Chorlton Street, Manchester, M1 3FH, as soon as possible, and in any event not later than 1.00 p.m. on Saturday 30 November 2013.

The completion and return of the Form of Proxy will not preclude you from attending the General Meeting or any adjournment thereof and voting in person should you so wish.

#### **6. Recommendation**

The Board considers the proposed amendments to the Company's investment policy, as set out in paragraph 2 above, to be fair and reasonable and to be in the best interests of Shareholders and the Company as a whole. Accordingly, your Board unanimously recommends Shareholders to vote in favour of the Resolution, as the Directors intend to do in respect of their beneficial shareholdings amounting to 13,250 Ordinary Shares representing 0.1 per cent. of the Ordinary Shares in issue .

Yours faithfully,

P. H. A. Stanley.  
Chairman.

## PART II

### THE PROPOSED INVESTMENT OBJECTIVE AND POLICY

If the Proposal is approved, the Company's investment objective and policy will be as set out below.

#### **Investment objective**

The investment objective of the Company is to achieve capital appreciation together with a reasonable level of income.

#### **Investment policy**

##### **Asset allocation**

The Company's investment objective is sought to be achieved through a policy of actively investing in a diversified portfolio, comprising UK and overseas equities and fixed interest securities. The Company seeks to invest in companies whose shares are admitted to trading on a regulated market. However, it may invest in a small number of equities and fixed interest securities of companies whose capital is not admitted to trading on a regulated market. Investment in overseas equities is utilised by the Company to increase the risk diversification of the Company's portfolio and to reduce dependence on the UK economy in addressing the growth and income elements of the Company's investment objective.

The Company may invest in derivatives, money market instruments, currency instruments, contracts for differences ("CFDs"), futures, forwards and options for the purposes of (i) holding investments and (ii) hedging positions against movements in, for example, equity markets, currencies and interest rates.

There are no maximum exposure limits to any one particular classification of equity or fixed interest security. The Company's investments are not limited to any one industry sector and its current investment portfolio is spread across a range of sectors. The Company has no specific criteria regarding market capitalisation or credit ratings in respect of investee companies.

##### **Risk diversification**

The Company intends to maintain a relatively focused portfolio, seeking capital growth by investing in approximately 20 to 40 securities. The Company will not invest more than 15 per cent of the gross assets of the Company at the time of investment in any one security. However, the Company may invest up to 50 per cent of the gross assets of the Company at the time of investment in an investment company subsidiary, subject always to other restrictions set out in this investment policy and the Listing Rules.

The Company intends to be fully invested whenever possible. However, during periods in which changes in economic conditions or other factors so warrant, the Investment Manager may reduce the Company's exposure to one or more asset classes and increase the Company's position in cash and/or money market instruments.

##### **Gearing**

The Company may borrow to gear the Company's returns when the Investment Manager believes it is in shareholders' interests to do so. The Company's investment policy and the Articles permit the Company to incur borrowing up to a sum equal to two times the adjusted total of capital and reserves. Any change to the Company's borrowing policy will only be made with the approval of shareholders by special resolution.

*The effect of gearing may be achieved without borrowing by investing in a range of different types of investments including derivatives. The Company will not enter into any investments which have the effect of increasing the Company's net gearing beyond the above limit.*

##### **General**

In addition to the above, the Company will observe the investment restrictions imposed from time to time by the Listing Rules which are applicable to investment companies with shares listed on the Official List of the UKLA under Chapter 15.

In accordance with the Listing Rules, the Company will manage and invest its assets in accordance with the Company's investment policy. Any material changes in the principal investment policies and restrictions (as set out above) of the Company will only be made with the approval of shareholders by ordinary resolution.

In the event of any breach of the investment restrictions applicable to the Company, shareholders will be informed of the remedial actions to be taken by the Board and the Investment Manager by an announcement issued through a Regulatory Information Service approved by the FCA.

## DEFINITIONS

"adjusted total capital and reserves"	the Group's net asset value when any investment is made
"Articles"	the Company's articles of association as at the date of this document
"Company"	Manchester & London Investment Trust plc
"CFDs" or	
"Contracts for Differences"	contracts for differences or equity swaps
"Derivatives "	derivatives, money market instruments, currency instruments, CFDs futures, forwards and options
"Directors" or "Board"	means the directors of the Company, currently comprising Peter Henry Arthur Stanley, Brett Lance Miller and David Harris
"equities" or "equity security"	shares and other transferable securities equivalent to shares in companies (including units and indices of equities or units), as well as any other type of transferable securities giving the right to acquire any of the aforementioned securities as a consequence of their being converted or the rights conferred by them being exercised, provided that securities of the latter type are issued by the issuer of the underlying shares or by an entity belonging to the group of the said issuer
"General Meeting"	the general meeting of the Company, convened for 1.00 p.m. on Monday 2 December 2013, and any adjournment thereof, notice of which is set out at the end of this document
"fixed income securities"	includes units or share in fixed interest funds or fixed interest indices
"Form of Proxy"	the form of proxy accompanying this document, for use by Shareholders in connection with the General Meeting
"Group"	the Company and any of its subsidiaries
"Ordinary Shares"	the ordinary shares of 25p each in the capital of the Company
"Proposal"	the proposal to change the Company's investment policy as set out in this document
"Resolution"	the resolution to be proposed at the General Meeting
"Shareholders"	holders of issued Ordinary Shares



# MANCHESTER & LONDON INVESTMENT TRUST PLC

*(Incorporated and registered in England & Wales with registered number 01009550)*

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Manchester & London Investment Trust plc (the “**Company**”) will be held at St. Anne’s Church, St. Anne Street, Manchester, M2 7LF on Monday 2 December 2013, at 1.00 p.m., for the purpose of considering and, if thought fit, passing the following resolution:

1. **THAT** the investment policy of the Company be amended in the manner described in the Circular of the Company dated 25 October 2013.

*By Order of the Board:*

M. K. Camp  
Company Secretary  
25 October 2013

*Registered Office:*

2<sup>nd</sup> Floor, Arthur House,  
Chorlton Street, Manchester  
M1 3FH.

### NOTES TO THE NOTICE OF GENERAL MEETING

*Notes:*

1. A member entitled to attend and vote at the General Meeting may appoint one or more proxies to attend and, on a poll, vote instead on their behalf. A proxy need not be a member of the Company;
2. A Form of Proxy for use at the General Meeting is enclosed with this document. To be effective, a Form of Proxy (together with the power of attorney or other authority, if any, under which it is executed, or a notarially certified copy of such power of attorney or authority) must be completed, signed and lodged with the Company at their registered address not later than 48 hours before the time for holding the General Meeting. Deposit of a Form of Proxy will not preclude a member from attending the General Meeting and voting in person should they so wish. See the notes to the Form of Proxy for more details.
3. Only those members registered on the Company’s register of members at 6.00 pm on the day falling two days prior to the date of the Meeting (or if this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting) shall be entitled to attend and vote at the Meeting. Changes to entries on the register of members after 6.00 p.m. on that date shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
6. The quorum required for the General Meeting is two members present in person or by proxy and entitled to vote thereat.

**MANCHESTER & LONDON INVESTMENT TRUST PLC**  
**GENERAL MEETING - Monday 2 December 2013**  
**NOTES TO THE FORM OF PROXY**

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and, on a poll, vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be deemed to be automatically terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the relevant space on the first page of the proxy form. If you sign and return the proxy form with no name inserted in the relevant space, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly. Your proxy shall have no right to speak at the meeting except with the permission of the Chairman.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
5. In respect of voting on a poll, to direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting.
6. To appoint a proxy using this form, the form must be:
  - completed and signed;
  - sent or delivered to The Secretary, Manchester & London Investment Trust plc, 2<sup>nd</sup> Floor, Arthur House, Chorlton Street, Manchester, M1 3FH; and
  - received by The Secretary, Manchester & London Investment Trust plc, 2<sup>nd</sup> Floor, Arthur House, Chorlton Street, Manchester, M1 3FH no later than 1.00 p.m. on Saturday 30 November 2013.
7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Where a corporation is to be represented at the meeting by a personal representative, such corporation must deposit a certified copy of the resolution of its directors or other governing body authorising the appointment of a representative to the Company c/o The Secretary, Manchester & London Investment Trust plc, 2<sup>nd</sup> Floor, Arthur House, Chorlton Street, Manchester, M1 3FH, not later than 48 hours before the time appointed for the meeting.
9. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies (regardless of its date or the date of its execution) will take precedence. If the Company is unable to determine which appointment was last validly delivered, none of them shall be treated as valid.
12. A vote given or poll demanded in accordance with the terms of an appointment of a proxy shall be valid notwithstanding the death or mental disorder of the principal or the revocation of the appointment of the proxy, or of the authority under which the appointment of the proxy was executed or the transfer of the share in respect of which the appointment of the proxy is given unless notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the address specified at note 6 above at least 48 hours before the commencement of the meeting or any adjournment thereof.



**MANCHESTER & LONDON INVESTMENT TRUST PLC  
GENERAL MEETING**

**Monday 2 December 2013**

**FORM OF PROXY**

**Before completing this form, please read the explanatory notes on page 10.**

I /We being a member of the Company appoint the Chairman of the meeting or (see note 3)

(Please print name of Proxy): \_\_\_\_\_

as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the General Meeting of the Company to be held at 1.00 p.m. on Monday 2 December 2013 at St. Ann's Church, St. Ann Street, Manchester, M2 7LF, and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is properly put before the meeting.

<b>ORDINARY RESOLUTION</b>	<b>For</b>	<b>Against</b>	<b>Vote withheld (note 5)</b>
1. <b>THAT</b> the investment policy of the Company be amended in the manner described in the Circular of the Company dated 25 October 2013.			

Signed: \_\_\_\_\_

Date: \_\_\_\_\_ day of \_\_\_\_\_ 2013

Name (print): \_\_\_\_\_

Address: \_\_\_\_\_

In the case of joint holders, the signature of any one holder is sufficient.

2<sup>nd</sup> FOLD

**BUSINESS REPLY SERVICE**  
**Licence No. MR 7433**

1



1<sup>st</sup> FOLD

Manchester & London Investment Trust plc  
2nd Floor  
Arthur House  
Chorlton Street  
Manchester  
M1 3FH

3<sup>rd</sup> FOLD AND TUCK IN