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This document comprises a prospectus relating to Aberforth Split Level Income Trust plc (the "Company") prepared in accordance with the Prospectus Rules and the Listing Rules of the UK Listing Authority made under section 73A of the Financial Services and Markets Act 2000. This document has been approved by the FCA in accordance with section 85 of the Financial Services and Markets Act 2000 and has been delivered to the FCA in accordance with Rule 3.2 of the Prospectus Rules.

The Directors of the Company, whose names appear on page 35 of this document, and the Company each accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of the knowledge of the Directors and the Company, in accordance with the facts and does not omit anything likely to affect the import of such information.

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## **ABERFORTH SPLIT LEVEL INCOME TRUST PLC**

*(a company incorporated in England and Wales under the Companies Act 2006 with registered number 10730910 and registered as an investment company under section 833 of the Companies Act 2006)*

### **ISSUE**

**of Ordinary Shares of 1p each and ZDP Shares of 1p each in connection with the recommended proposals for the reconstruction and winding up of**

### **Aberforth Geared Income Trust plc**

### **AND**

### **PLACING AND OFFER FOR SUBSCRIPTION**

**of Ordinary Shares of 1p each and Zero Dividend Preference Shares of 1p each**

**Investment Managers**

**Aberforth Partners LLP**

**Sponsor**

**J.P. Morgan Cazenove**

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Application will be made to the UK Listing Authority for the Ordinary Shares and ZDP Shares to be admitted to the Official List with a Premium Listing (in the case of the Ordinary Shares) and a Standard Listing (in the case of the ZDP Shares) and to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities (the "Main Market"). It is expected that such admissions will become effective and that dealings in the Ordinary Shares and the ZDP Shares will commence on 3 July 2017.

The Issues are not being made, directly or indirectly, in or into, or by the use of the mails, or by any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of the United States, Canada, Australia, Japan or any other Restricted Jurisdiction. No action has been taken to permit the distribution of this document in any jurisdiction outside the United Kingdom, the Channel Islands and the Isle of Man where such action is required to be taken. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from the United States, Canada, Australia, Japan or any other Restricted Jurisdiction or to, or for the account or benefit of, any resident of the United States, Canada, Australia or Japan or any other Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdictions. Neither the Ordinary Shares nor the ZDP Shares have been, and they will not be, registered under the US Securities Act or under any of the relevant securities laws of any state of the United States or of Canada, Australia or Japan or any other Restricted Jurisdiction. Accordingly, unless an exemption under such act or laws is applicable, neither the Ordinary Shares nor the ZDP Shares may be offered, sold or delivered directly or indirectly in or into the United States, Canada, Australia or Japan or any other Restricted Jurisdiction. This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

J.P. Morgan Securities plc, which conducts its investment banking activities in the UK under the name J.P. Morgan Cazenove, is acting for the Company and is not advising any other person or treating any other person as its customer in relation to the Issues or to the matters referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of J.P. Morgan Cazenove or for affording advice in relation to the Issues. J.P. Morgan Securities plc is authorised by the Prudential Regulatory Authority and authorised and regulated by the FCA.

J.P. Morgan Cazenove or its affiliates may in accordance with applicable legal and regulatory provisions engage in transactions in relation to Shares and/or related instruments for their own respective accounts. Except as required by applicable law or regulation, J.P. Morgan Cazenove does not propose to make any public disclosure in relation to such transactions.

Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, J.P. Morgan Cazenove does not accept any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Investment Managers or the Shares. J.P. Morgan Cazenove accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

The Offer for Subscription is being made in the UK only. The Offer for Subscription will remain open until 1.00 p.m. on 19 June 2017. The procedure for application is set out in the paragraph headed 'Offer for Subscription' (page 55) and in the Application Form (set out at the end of this document). To be valid, Application Forms must be returned with the appropriate remittance so as to reach the Receiving Agent as soon as possible and, in any event, no later than 1.00 p.m. on 19 June 2017.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before investing in the Company. Potential investors should also consider the sections of this document headed 'Risk factors' (pages 14 to 20) and 'Forward looking statements' (page 23).

19 May 2017

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## SUMMARY

Summaries are made up of disclosure requirements known as ‘Elements’. These Elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for these types of securities and this type of issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of these types of securities and this type of issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of ‘not applicable’.

### Section A – Introduction and warnings

Element	Disclosure
A.1	<p><b>Warning</b></p> <p>This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<p><b>Warning</b></p> <p>Not applicable. No subsequent resale or final placement of securities by financial intermediaries.</p>

### Section B – Issuer

Element	Disclosure
B.1	<p><b>Legal and commercial name</b></p> <p>Aberforth Split Level Income Trust plc (the “Company”).</p>
B.2	<p><b>Domicile and legal form</b></p> <p>The Company was incorporated in England and Wales under the Act on 19 April 2017 as a public company limited by shares with registered number 10730910. The Company operates under the Act and regulations made under the Act.</p>
B.3	<p><b>Current operations and principal activities</b></p> <p>Not applicable. The Company is newly incorporated.</p>
B.4a	<p><b>Significant recent trends</b></p> <p>Not applicable. The Company is newly incorporated.</p>
B.5	<p><b>Group description</b></p> <p>Not applicable. There is no group.</p>
B.6	<p><b>Major shareholders</b></p> <p>As at 17 May 2017 (being the latest practicable date prior to the publication of this document) Alistair Whyte (a partner of Aberforth Partners) has indicated that he intends (based on the Assumptions) to elect and subscribe for approximately 7.7 million Ordinary Shares, in aggregate, pursuant to the Issues. Based on the Assumptions, Mr Whyte is</p>

	<p>currently expected to be directly or indirectly interested in approximately 4.8 per cent. of the issued ordinary share capital of the Company following Admission.</p> <p>The Company is not aware of any other persons who (based on the Assumptions) following Admission directly or indirectly would be interested in three per cent. or more of the Company's issued ordinary share capital.</p> <p>The Directors are not aware of any person or persons who could, directly or indirectly, jointly or severally, own or exercise control over the Company or any arrangement, the operation of which may result in a change of control of the Company. There are no different voting rights for any Shareholder save those which derive from the Articles.</p>
<b>B.7</b>	<p><b>Key financial information</b></p> <p>Not applicable. The Company has not commenced operations since its incorporation on 19 April 2017 and no financial statements of the Company have been made up as at the date of this document.</p>
<b>B.8</b>	<p><b>Key pro forma financial information</b></p> <p>Not applicable. No pro forma financial information is included in this document.</p>
<b>B.9</b>	<p><b>Profit forecast</b></p> <p>Not applicable. No profit forecast or estimate is made.</p>
<b>B.10</b>	<p><b>Description of the nature of any qualifications in the audit report on the historical financial information</b></p> <p>Not applicable. The Company has no historical financial statements and accordingly no audit reports have been issued.</p>
<b>B.11</b>	<p><b>Insufficient working capital</b></p> <p>Not applicable. The Company is of the opinion taking into account the Minimum Net Proceeds of the Issues that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next 12 months from the date of this document).</p>
<b>B.34</b>	<p><b>Investment policy</b></p> <p><i>Investment objective</i></p> <p>The Company's investment objective is to provide Ordinary Shareholders with a high level of income, with the potential for income and capital growth, and to provide ZDP Shareholders with a pre-determined final capital entitlement of 127.25 pence on the Planned Winding Up Date of 1 July 2024.</p> <p><i>Investment policy</i></p> <p>The Company aims to achieve its objective by investing in a diversified portfolio of securities issued by small UK quoted companies.</p> <p>Small UK quoted companies are those having a market capitalisation, at time of purchase, equal to or lower than the largest company in the bottom 10 per cent., by market capitalisation, of the London Stock Exchange's Main Market for listed securities (the "Main Market") or companies in the Numis Smaller Companies Index (excluding investment companies) ("NSCI (XIC)").</p> <p>As at 1 January 2017 (the date of the last annual NSCI (XIC) rebalancing), the NSCI (XIC) consisted of 349 companies, with an aggregate market capitalisation of £157 billion. Its upper market capitalisation limit was £1.4 billion, although this limit will change owing to movements in the stockmarket.</p> <p>If any investee company no longer satisfies the definition of a small UK quoted company its securities will become candidates for sale unless the Investment Managers determines that the Company's investment objective would be better served by their retention.</p>

	<p>Notwithstanding the above, the Investment Managers would not normally expect more than 10 per cent. of the value of the Company's portfolio to be invested in a combination of: (i) securities issued by small UK quoted companies that are neither securities with equity rights, nor securities convertible to such; and/or (ii) holdings in companies that satisfied the definition of a small UK quoted company at the time of purchase but no longer do so and that are not categorised as candidates for sale.</p> <p>The Company may, at the time of purchase, invest up to 15 per cent. of its assets in securities issued by any one company although, in practice, each exposure will typically be substantially less and, at market value, generally represent less than 5 per cent. of the portfolio on an ongoing basis. The Board expects that this approach will normally result in a portfolio comprising holdings in between 50 and 100 companies.</p> <p>The Company will not invest in any securities issued by other closed ended UK listed investment companies with the exception of real estate investment trusts ("REITs") that are eligible to be included in the NSCI (XIC).</p> <p>Investment will only be made in companies with securities traded on the Main Market or, in limited circumstances, in AIM listed investments. AIM listed investments will only be held in the portfolio if they have given a formal commitment to move to the Main Market, or in the situation where an existing investee company has moved its listing from the Main Market to AIM.</p> <p>The Company will aim to be near to fully invested at all times. There will normally be no attempt to engage in market timing by holding high levels of liquidity though due consideration will be given to liquidity requirements as the Company nears the end of its Planned Life.</p> <p>The Company does not intend to utilise any bank borrowings other than short term overdraft or working capital facilities. The Directors expect that, in normal market conditions, bank borrowings will not exceed 2.5 per cent. of Total Assets. The Articles limit the level of such bank borrowings to a maximum of 5 per cent. of Total Assets at the time of drawdown. The Company has a policy to maintain total gearing, including the ZDP Shares, below the total of: (i) the accrued capital entitlement of the ZDP Shares from time to time; plus (ii) 5 per cent. of its Total Assets at the time of drawdown. The Directors have delegated responsibility to the Investment Managers for the operation of the Company's overdraft and working capital facilities within the above parameters.</p> <p>Subject to the prior approval of the Board, the Investment Managers may use derivative instruments, such as financial futures, exchange traded funds, and options, for the purpose of efficient portfolio management. The Board's current expectation is that derivatives will rarely be used, if at all.</p> <p>Any material change to the Company's investment policy will be subject to Shareholder approval at a general meeting. In the event of a breach of the Company's investment policy, the Board will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.</p>
<b>B.35</b>	<p><b><i>Borrowing limits</i></b></p> <p>The Company does not intend to utilise any bank borrowings other than short term overdraft or working capital facilities. The Directors expect that, in normal market conditions, bank borrowings will not exceed 2.5 per cent. of Total Assets. The Articles limit the level of such bank borrowings to a maximum of 5 per cent. of Total Assets at the time of drawdown. The Company has a policy to maintain total gearing, including the ZDP Shares, below the total of: (i) the accrued capital entitlement of the ZDP Shares from time to time; plus (ii) 5 per cent. of its Total Assets at the time of drawdown. The Directors have delegated responsibility to the Investment Managers for the operation of the Company's overdraft and working capital facilities within the above parameters.</p>

<b>B.36</b>	<p><b>Regulatory status</b></p> <p>Save for its compliance with the Act and, once Admission has occurred, the Listing Rules, MAR, the Disclosure Guidance and Transparency Rules and the Prospectus Rules, the Company is not a regulated entity.</p>
<b>B.37</b>	<p><b>Typical investor</b></p> <p>The Directors believe that the profile of a typical investor in the Ordinary Shares is an institution or a professionally advised individual who is seeking an attractive level of income with the potential to obtain growth in both income and capital over the Planned Life of the Company. The Directors believe that the profile of a typical investor in the ZDP Shares is an institution or professionally advised individual who wishes to receive a final capital entitlement on the Planned Winding Up Date.</p>
<b>B.38</b>	<p><b>Investment of 20 per cent. or more in a single underlying asset or investment company</b></p> <p>Not applicable. The Company may not invest more than 15 per cent. of its assets in a single underlying asset at the time of purchase.</p>
<b>B.39</b>	<p><b>Investment of 40 per cent. or more in a single underlying asset or investment company</b></p> <p>Not applicable. The Company may not invest more than 15 per cent. of its assets in a single underlying asset at the time of purchase.</p>
<b>B.40</b>	<p><b>Applicant's service providers and maximum fees payable</b></p> <p><i>AIFM, Investment management and administration arrangements</i></p> <p>Aberforth Partners has been appointed as the Company's AIFM in accordance with the AIFM Directive. Under the Investment Management Agreement and for the purposes of the AIFM Directive, Aberforth Partners will, <i>inter alia</i>, manage the investments and other assets of the Company with sole responsibility for portfolio management and risk management of the Company in each case in accordance with the Company's investment policy and subject to the overall supervision of the Board. Aberforth Partners will also provide administration and company secretarial services to the Company.</p> <p>These services can be terminated by either party at any time by giving six months' notice of termination. Aberforth Partners will receive the annual Investment Management Fee (exclusive of VAT which will be added where applicable) equal to 0.75 per cent. of the Company's Total Assets.</p> <p>The Investment Management Fee is payable quarterly in advance and will be charged 70 per cent. to the capital account and 30 per cent. to the revenue account. The Board will consider the Company's investment management, secretarial and administration arrangements on an ongoing basis and a formal review will be conducted annually by the Board.</p> <p><i>Depository and custody arrangements</i></p> <p>National Westminster Bank plc has been appointed as the Company's depository. The Depository Agreement which has been entered into among the Company, Aberforth Partners and the Depository provides, <i>inter alia</i>, that the Depository will carry out the core duties under article 21 of the AIFM Directive which include cash management, safe keeping of assets and general oversight of the Company's portfolio. The Depository will receive a safe-keeping fee and variable transaction fees depending on the nature of the securities and the transactions involved. Any party can terminate the Depository Agreement by giving not less than six months' prior written notice to the other parties.</p>

	<p>The Depositary has delegated the safe keeping functions to the Custodian, The Northern Trust Company. Pursuant to the terms of the Custody Agreement between the Depositary and the Custodian, the Custodian will hold, or will arrange for sub-custodians to hold, all of the cash, securities and other assets of the Company and it will arrange and settle (directly or through sub-custodians) all transactions relating to those securities as agent for the Company.</p> <p><i>Registrar</i></p> <p>Capita has been appointed as registrar to the Company. Under the terms of the Registrar's Agreement, the Company shall pay the Registrar an annual fee, which is likely to vary depending on the number of transaction fees incurred during the year.</p> <p><i>Auditors</i></p> <p>Deloitte LLP will provide audit services to the Company. The fees charged by the Auditors are computed, <i>inter alia</i>, on the time spent by the Auditors on the affairs of the Company.</p>
<b>B.41</b>	<p><b><i>Regulatory status of service providers</i></b></p> <p>The AIFM is authorised and regulated by the FCA and is an authorised alternative investment fund manager for the purposes of the AIFM Directive.</p> <p>The Depositary and the Custodian are authorised and regulated by the FCA.</p>
<b>B.42</b>	<p><b><i>Calculation of Net Asset Value</i></b></p> <p>The Net Asset Value of a Share will be calculated by the Investment Managers in accordance with the Company's and the AIFM's accounting policies and is published daily through a Regulatory Information Service. The Net Asset Value will not be calculated (or may be delayed in publication) in circumstances where, for example, the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations (or any delay in publication as the case may be) will be announced through a Regulatory Information Service.</p>
<b>B.43</b>	<p><b><i>Cross liability</i></b></p> <p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>
<b>B.44</b>	<p><b><i>No financial statements have been made up</i></b></p> <p>As at 17 May 2017, being the latest practicable date prior to the publication of this document, the Company has not commenced operations and no financial statements of the Company have been made up as at the date of this document.</p>
<b>B.45</b>	<p><b><i>Portfolio</i></b></p> <p>Not applicable. As at 17 May 2017, being the latest practicable date prior to the publication of this document, the Company has not commenced operations and does not have any assets.</p>
<b>B.46</b>	<p><b><i>Net Asset Value</i></b></p> <p>Not applicable. As at 17 May 2017, being the latest practicable date prior to the publication of this document, the Company has not commenced operations.</p>

### Section C – Securities

Element	Disclosure
<b>C.1</b>	<p><b><i>Type and class of securities</i></b></p> <p>The Company will issue, in aggregate, up to 600 million Ordinary Shares and up to 150 million ZDP Shares pursuant to the AGIT Scheme, the Placing and the Offer for Subscription.</p>

	<p>Applications will be made to the UK Listing Authority for the Ordinary Shares and the ZDP Shares to be admitted to the Official List with a Premium Listing (in the case of the Ordinary Shares) and a Standard Listing (in the case of the ZDP Shares) and to the London Stock Exchange for admission of such Shares to trading on the London Stock Exchange's Main Market.</p> <p>The ISIN for the Ordinary Shares is GB00BYPBD394.</p> <p>The ISIN for the ZDP Shares is GB00BYPBD519.</p>
<b>C.2</b>	<p><b>Currency</b></p> <p>The Shares will be denominated in Sterling.</p>
<b>C.3</b>	<p><b>Number of securities in issue</b></p> <p>As at 17 May 2017 (being the latest practicable date prior to the publication of this document) the Company had 100 Ordinary Shares and 50,000 Redeemable Preference Shares in issue which are fully paid.</p>
<b>C.4</b>	<p><b>Description of the rights attaching to the securities</b></p> <p>The Company will have two classes of Shares in issue: Ordinary Shares and ZDP Shares.</p> <p><i>Voting Rights</i></p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any of the Ordinary Shares, Ordinary Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Each Ordinary Shareholder being present in person or by proxy or by a duly authorised representative (if a company) at a general meeting shall upon a show of hands have one vote and upon a poll all Ordinary Shareholders have one vote for every Ordinary Share held.</p> <p>The ZDP Shares do not normally carry the right to vote at general meetings of the Company. The ZDP Shareholders will, however, have the right to vote in certain limited circumstances and their separate approval as a class will be required for certain proposals which would be likely to affect their position materially.</p> <p><i>Dividend rights</i></p> <p>All net income earned by the Company is attributable to the Ordinary Shares and the Company intends to distribute a significant proportion of its net income in each financial year in accordance with the Company's investment objective. As an investment trust the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income for such accounting period.</p> <p>ASLIT's Articles provide the Directors with the flexibility to make distributions to the Ordinary Shareholders out of the Company's capital reserves, including capital profits and any special reserve created on the cancellation of the share premium account, provided always that the Cover of the ZDP Shares would not, immediately following any such capital distribution, be less than 3.3 times.</p> <p>The ZDP Shares do not carry any rights to receive any dividend payments from the Company.</p> <p><i>Return of capital</i></p> <p>The ZDP Shares have a final capital entitlement of 127.25 pence per ZDP Share on the winding up of the Company on the Planned Winding Up Date.</p> <p>The Ordinary Shares have a return which is in the form of capital and income. Ordinary Shareholders are entitled to any undistributed revenue reserves of the Company and all of the Company's remaining net assets at the Planned Winding Up Date after providing for payment in full of the final capital entitlement of 127.25 pence per ZDP Share.</p>

<p><b>C.5</b></p>	<p><b><i>Restrictions on the rights attaching to the securities</i></b></p> <p>Subject to the Articles, a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Act or in any other lawful manner which is from time to time approved by the Board.</p> <p>The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form or uncertificated form (subject to the Articles) which is not fully paid or on which the Company has a lien provided that this would not prevent dealings in the Shares of that class from taking place on an open and proper basis on the London Stock Exchange.</p> <p>In addition, the Board may refuse to register a transfer of Shares if, in the case of certificated Shares: (a) it is in respect of more than one class of shares; (b) it is in favour of more than four joint transferees; (c) it is delivered for registration to the registered office of the Company or such other place as the Board may decide and is not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require; or (d) the transfer is in favour of any person, as determined by the Directors, to whom a sale or transfer of Shares, or in relation to whom the sale or transfer of a direct or beneficial holding of Shares, would or might result in (i) the Company being required to register as an investment company under the Investment Company Act, (ii) benefit plan investors (“Plan Investors”) (as defined in section 3(42) of ERISA) acquiring an aggregate interest exceeding 25 per cent. of the value of any equity class in the Company or (iii) the assets of the Company being deemed to be assets of a Plan Investor.</p> <p>The Board may decline to register a transfer of an uncertificated Share which is traded through the CREST UK system in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Shares are to be transferred exceeds four.</p> <p>The Shares have not been registered in the United States under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and are subject to restrictions on transfer contained in such laws. There are restrictions on the purchase of Shares by persons who are located in the United States or who are US Persons and on the resale of Shares by any Shareholders to any person who is located in the United States or is a US Person.</p>
<p><b>C.6</b></p>	<p><b><i>Admission</i></b></p> <p>Applications will be made to the UK Listing Authority for the Ordinary Shares and the ZDP Shares to be admitted to the premium segment of the Official List (in the case of the Ordinary Shares) and to the standard segment of the Official List (in the case of the ZDP Shares) and to the London Stock Exchange for the Shares to be admitted to trading on the London Stock Exchange’s Main Market. It is expected that Admission will become effective, and dealings in the Ordinary Shares and the ZDP Shares will commence at 8.00 a.m. on 3 July 2017.</p>
<p><b>C.7</b></p>	<p><b><i>Dividend policy</i></b></p> <p>The Company’s policy is to distribute a significant proportion of its net revenue (after payment of expenses and taxation) in the form of dividends paid in Sterling to Ordinary Shareholders. As an investment trust the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income for such accounting period. Ordinary Shareholders are entitled to receive all such dividends. The holders of the ZDP Shares are not entitled to receive dividend payments.</p> <p>The Directors intend that, on the basis of the Assumptions and in the absence of unforeseen circumstances, the Company will, in respect of the period from Admission to 30 June 2018, declare dividends totalling not less than 4 pence per Ordinary Share. These dividends are expected to be paid in February 2018 and August 2018. Thereafter, dividends on the Ordinary Shares are expected to be paid half-yearly normally in February and August in respect of each financial year.</p>

	The level of dividends will be based on the yield of the Company's underlying portfolio. There are no assurances that that such future dividends will be paid or that the Company will pay any dividends.
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#### Section D – Risks

Element	Disclosure
<b>D.1</b>	<p><b><i>Key risks specific to the issuer</i></b></p> <ul style="list-style-type: none"> <li>• The past performance of investments managed by the Investment Managers is not indicative of future performance.</li> <li>• There is no guarantee that the Company's investment objective will be achieved or provide the returns sought by the Company.</li> <li>• The portfolio held by the Company will not necessarily mirror the stocks and weightings of, or returns made by, any particular share index.</li> <li>• Changes in economic or political conditions or other factors can substantially and adversely affect the value of the Company's investments and, accordingly, the Company's performance and prospects.</li> <li>• As small UK quoted companies generally lack the diversity of income streams and financial resources of larger companies, they may find it more difficult to overcome periods of economic slowdown or recession. Their earnings also tend to be less predictable and the prices of smaller companies can be more volatile.</li> </ul>
<b>D.2</b>	<p><b><i>Key risks specific to the issuer</i></b></p> <p>Not applicable.</p>
<b>D.3</b>	<p><b><i>Key risks specific to the securities</i></b></p> <ul style="list-style-type: none"> <li>• The market value of the Shares may not always reflect the Net Asset Value per Share and any income derived from Ordinary Shares may go down as well as up.</li> <li>• The Company will only pay dividends to holders of Ordinary Shares to the extent that it has distributable profits available for that purpose.</li> <li>• The Ordinary Shares are geared by the ZDP Shares. A positive Net Asset Value for the Ordinary Shareholders will be dependent upon the Company's assets being sufficient to meet the prior entitlements to capital of the holders of ZDP Shares. The Ordinary Shares should therefore be regarded as carrying above average risk.</li> <li>• The Ordinary Shares rank for repayment of capital after any creditors of the Company from time to time and the ZDP Shares. Based on the Assumptions, the Issue Price of the Ordinary Shares (being 100 pence per Ordinary Share) would only be repaid in full on the Planned Winding Up Date if the annual rate of growth in the capital value of the Company's portfolio is not less than 1.5 per cent. over the Planned Life of the Company.</li> <li>• The ZDP Shares rank in priority to the capital entitlements of the Ordinary Shares but behind any creditors of the Company. ZDP Shareholders will have no entitlement to income. Ordinary Shareholders will be entitled to all the net revenue profits of the Company on a winding up in priority to the capital entitlements of the ZDP Shareholders even in circumstances where the Company has insufficient assets to pay, in full, the capital entitlements of the ZDP Shares. There can be no assurance that the final capital entitlement of 127.25 pence per ZDP Share will be repaid in full on the Planned Winding Up Date.</li> <li>• The market value of the ZDP Shares will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the ZDP Shares.</li> </ul>

	<ul style="list-style-type: none"> <li>• Where the underlying capital value of the Company's portfolio falls at a rate of more than 17.0 per cent. per annum over the Planned Life of the Company, based on the Assumptions, the ZDP Shareholders will receive less than 127.25 pence per ZDP Share on the Planned Winding Up Date. ZDP Shares are not a protected or guaranteed investment.</li> <li>• Although the Shares will be listed on the Official List and admitted to trading on the Main Market, there may not be a liquid market in the Shares and Shareholders may have difficulty selling them.</li> <li>• The price of shares in an investment company is determined by the interaction of supply and demand for such shares in the market as well as the net asset value per share. The share price can therefore fluctuate and may represent a discount to the Net Asset Value per Share and Shareholders may be unable to realise all or any of their investment through the secondary market at Net Asset Value per Share or at all.</li> </ul>
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### Section E – Offer

Element	Disclosure
<b>E.1</b>	<p><b><i>Net proceeds and costs of the Issues</i></b></p> <p>On the basis of the Assumptions, the costs and expenses of the Proposals (including the costs relating to the publication of this document, placing commissions and stamp duty) to be met by the Company are expected to be approximately £2.6 million. On the basis of the Assumptions, the net proceeds of the Issues (including the value of the AGIT Rollover Portfolio) are expected to be £197.4 million.</p>
<b>E.2 A</b>	<p><b><i>Reason for offer and use of proceeds</i></b></p> <p>If the Proposals are implemented, the Company will issue Ordinary Shares and ZDP Shares to those AGIT Shareholders who elect (or who are deemed to elect) for the Rollover Option under the terms of the AGIT Scheme (subject to any scaling back as appropriate). In exchange for such issue of Shares, AGIT will transfer the AGIT Rollover Portfolio to the Company. The Company is also proposing to issue Ordinary Shares and ZDP Shares under the Placing and Offer for Subscription in order to finance its intended acquisition of all or part of the Remaining AGIT Portfolio.</p> <p>The reason for the Issues is therefore to enable the Company to act as a rollover option for the existing shareholders in AGIT and to acquire the AGIT Rollover Portfolio and all or part of the Remaining AGIT Portfolio. The assets within each of these portfolios that are to be transferred to the Company will principally comprise investments in small UK quoted companies as well as cash and other assets which are in accordance with the Company's investment policy. From its launch therefore, the Company will be substantially invested without having to incur significant dealing costs or suffering a delay in the proceeds of the Issues being invested.</p> <p>The Company is not seeking to raise new capital under the Placing and Offer for Subscription in excess of the amount which is required to purchase the entire Remaining AGIT Portfolio when taken together with certain costs and expenses of the Proposals payable by the Company.</p>
<b>E.3</b>	<p><b><i>Terms and conditions of the offer</i></b></p> <p>The Issues are conditional upon:</p> <ul style="list-style-type: none"> <li>• the passing of the resolutions to approve the AGIT Scheme at the general meetings of AGIT Shareholders and the AGIT Scheme becoming unconditional;</li> <li>• the Admission Condition being satisfied by 30 June 2017 (and Admission occurring on 3 July 2017 or such later date, not being later than 31 July 2017, as the Company, J.P. Morgan Cazenove and the Investment Managers agree);</li> <li>• the conditions precedent to the Placing Agreement being satisfied;</li> </ul>

	<ul style="list-style-type: none"> <li>• the Minimum Share Subscription Amount being received pursuant to the Scheme and/or the Placing and Offer; and</li> <li>• neither the AGIT Directors nor the Directors resolving to abandon the AGIT Scheme and/or the Proposals.</li> </ul> <p>The Offer for Subscription is being made in the UK, the Channel Islands and the Isle of Man only. The public generally (unless they are located or resident outside the UK, the Channel Islands or the Isle of Man) may apply for Ordinary Shares and/or ZDP Shares through the Offer for Subscription. Completed Application Forms and the accompanying payment in relation to the Offer for Subscription must be delivered by post or by hand (during normal business hours) to Capita Asset Services, at Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 1.00 p.m. on 19 June 2017.</p> <p>Applications under the Offer for Subscription, once made, may not be withdrawn without the consent of the Directors.</p> <p>Applicants under the Offer must specify a fixed sum in Sterling, being the aggregate subscription price for the Ordinary Shares for which they wish to apply at the Issue Price of 100 pence per Ordinary Share and/or ZDP Shares for which they wish to apply at the Issue Price of 100 pence per ZDP Share. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum of £1,000 and applications in excess of that amount should be made in multiples of £100, although the Board may accept applications below the minimum amounts stated above in their absolute discretion. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted. Fractions of a Share will not be issued.</p> <p>The Placing and the Offer will close at 3.00 p.m. on 26 June 2017 and 1.00 p.m. on 19 June 2017 respectively (or such later dates, not being later than 30 June 2017 as the Company, the Investment Managers and the Sponsor may agree).</p> <p>The Effective Date in relation to the AGIT Scheme is 30 June 2017.</p>
<b>E.4</b>	<p><b><i>Material interests</i></b></p> <p>Not applicable. No interest is material to the Placing.</p>
<b>E.5</b>	<p><b><i>Name of person selling securities</i></b></p> <p>Not applicable. No person or entity is offering to sell Shares as part of the Issues (other than the Company).</p>
<b>E.6</b>	<p><b><i>Dilution</i></b></p> <p>Not applicable. The Issues are an initial offering.</p>
<b>E.7</b>	<p><b><i>Expenses charged to the investor</i></b></p> <p>Not applicable. There are no expenses charged to the investors by the Company. On the basis of the Assumptions, the costs and expenses associated with the launch of the Company (including the costs of the publication of this document, placing commissions and stamp duty) which are to be met by the Company are expected to be approximately £2.6 million.</p>

## **RISK FACTORS**

Investment in the Company is subject to a number of risks, including but not limited to the risks in relation to the Company, the Ordinary Shares and the ZDP Shares referred to below. If any of the events or circumstances referred to below were to occur, the financial position and prospects of the Company could be materially and adversely affected. If that were to occur, the trading price of the Ordinary Shares and the ZDP Shares and/or their net asset value and/or the level of dividends (if any) received by the Ordinary Shareholders could decline significantly and investors could lose all or part of their investment.

Prospective investors should note that the risks relating to the Company, the Ordinary Shares and the ZDP Shares summarised in the Summary are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Ordinary Shares and/or the ZDP Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the key risks summarised in the Summary but also, among other things, the risks and uncertainties described below.

The Directors believe that the risks described below are the material risks relating to the Ordinary Shares and the ZDP Shares as at the date of this document. Additional risks and uncertainties not currently known to the Directors, or that the Directors deem immaterial at the date of this document, may also have an adverse effect on the performance of the Company and the value of the Ordinary Shares and/or the ZDP Shares.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before investing in the Company.

### **Risks involved in investing in the Company**

An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which might result from such an investment (which may be equal to the whole amount invested). An investment in the Company should be regarded as long-term in nature and may not be suitable as a short-term investment.

Changes in economic conditions (including, for example, interest rates), the rate of inflation, currency values, industry conditions or competition law, political and diplomatic trends or tax laws can substantially and potentially adversely affect the value of investments and therefore the Company's performance and prospects.

### **Risks specific to the Company**

There can be no guarantee that any appreciation in the value of the Company's portfolio of investments will occur and investors may not get back the full value of their initial investment. The value of an investment in the Company and the income derived from it, if any, may go down as well as up. There can be no guarantee that the investment objectives of the Company will be met. Meeting its objectives is a target but the existence of such objectives should not be considered as an assurance or guarantee that they can or will be met in relation to the Company's portfolio in general or in relation to any part of it.

Although the Investment Managers manage similar companies and portfolios with similar strategies and investment objectives, the Company is a newly incorporated company which has not yet commenced operations and therefore has no track record of past performance or meaningful operating or financial data on which potential investors may base an evaluation. Any investment in the Shares is therefore subject to all of the risks and uncertainties associated with any new business, including the risks that the business will not achieve its investment objectives and that the value of any investments held by the Company could substantially decline.

### **Risks specific to the Assumptions**

The Assumptions in Part 3 of this document may not be fulfilled in practice. In particular, the value of the AGIT Rollover Portfolio, Net Issue Proceeds and/or the Company's portfolio yield may be different from those stated in the Assumptions.

**The issue statistics on page 25, the expected minimum dividend of 4 pence per Ordinary Share for the period to 30 June 2018 and the illustrative returns mentioned on pages 43 and 44 are based on the Assumptions, which are assumptions only and may or may not be realised. The Assumptions, issue statistics, the expected minimum dividend of 4 pence per Ordinary Share for the period to 30 June 2018 and the illustrative returns should not be regarded as profit forecasts.**

### **Risks specific to the Ordinary Shares**

The Company will only pay dividends to holders of Ordinary Shares to the extent that it has distributable profits available for that purpose. A reduction of income received from the Company's portfolio would adversely affect the yield on the Ordinary Shares particularly where the Company was also unable to make any distributions out of capital.

The Company's capital structure is such that the underlying value of assets attributable to the Ordinary Shares will be geared by the rising capital entitlements of the ZDP Shares. The Ordinary Shares are therefore geared by the ZDP Shares. A positive Net Asset Value for the Ordinary Shareholders will be dependent upon the Company's assets being sufficient to meet those prior entitlements of the holders of ZDP Shares. The Net Asset Value of the Ordinary Shares will be determined by the performance of the Company's portfolio as geared by the capital entitlement of the ZDP Shares. The Ordinary Shares should therefore be regarded as carrying above average risk.

The Ordinary Shares rank for repayment of capital after any creditors of the Company from time to time and the ZDP Shares.

The Ordinary Shareholders will be entitled to all the net revenue of the Company (after fees, expenses and taxation) resolved by the Directors to be distributed and to all accumulated but undistributed revenue reserves. Ordinary Shareholders will benefit from any out-performance (to the extent it is in excess of the rising capital entitlement of the ZDP Shares) and will suffer from any under-performance in respect of the Company's portfolio.

Any change in the tax treatment of dividends paid or income received by the Company may reduce the dividends paid to the holders of the Ordinary Shares.

The Company has a planned life lasting until 1 July 2024 and, unless the Directors are released from their obligation to do so, a general meeting will be convened to wind up the Company within three months up to and including the Planned Winding Up Date. In the event of the winding up of the Company, the amount of the payments available for distribution to Shareholders will depend on the value of the Company's portfolio of investments at such time. The amount of the payments made to Shareholders may be lower than expected, particularly if market conditions are adverse at such time.

Assuming that, following the Issues, the winding up of the Company occurred on the Planned Winding Up Date and on the basis of the Assumptions, the Issue Price of an Ordinary Share would only be repaid in full if the rate of capital growth in value of the Company's portfolio had been not less than 1.5 per cent. per annum over the Planned Life of the Company. There would be no capital repayment per Ordinary Share if the underlying capital value of the Company's portfolio fell by 17.0 per cent. or more per annum over the Planned Life of the Company.

Ordinary Shares are only an appropriate investment for potential investors who understand that, on a winding up of the Company, they may receive an amount less than the price paid for their Shares and that, if there is a reduction in the value of the Company's portfolio, they may receive no distribution on a winding up of the Company.

### **Risks specific to gearing**

The Ordinary Shares are geared by the ZDP Shares. The Ordinary Shares should therefore be regarded as carrying above average risk. The Company may also utilise an overdraft or working capital facility. Whilst the use of gearing could enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of gearing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares.

### **Risks specific to the ZDP Shares**

The market value of the ZDP Shares will be affected by changes in general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the ZDP Shares. Given the current low interest rate environment and the GRY on the ZDP Shares, any material changes in interest rates could have a significant effect on the price of a ZDP Share and therefore in such circumstances there could be increased volatility in the market value of a ZDP Share.

The factors affecting the value of the Company's investments described under the heading 'Risks specific to the Ordinary Shares' above are relevant also to the ZDP Shares.

The ZDP Shares are designed to provide a predetermined level of capital return ranking in priority to the Ordinary Shares. ZDP Shareholders will have no entitlement to income and the whole of their return will take the form of capital.

The holders of Ordinary Shares are entitled to all the net revenue profits (including accumulated but undistributed revenue reserves) of the Company on a winding up (or an equivalent capital amount (after payment of the Company's liabilities) in the event that the Company is not entitled to pay dividends) in priority to the capital entitlement of the holders of ZDP Shares even in circumstances where the Company has insufficient assets to pay the final capital entitlement of the ZDP Shares on the winding up date in full. Accordingly, assets equivalent to that amount will not be available to holders of ZDP Shares and the Company may continue to pay dividends in circumstances where the ZDP Shares are uncovered or where the holders of ZDP Shares have little or no prospect of receiving their final capital entitlements.

Should the Company be wound up prior to the Planned Winding Up Date, holders of ZDP Shares may only receive their accrued entitlements to the date of winding up. This would be less than the final capital entitlement.

The ZDP Shares, whilst ranking for payment in priority to the Ordinary Shares, rank behind any creditors of the Company for the final capital repayment of 127.25 pence per ZDP Share on 1 July 2024. In addition, on the basis of the Assumptions, if the capital value of the Company's portfolio falls by more than 17.0 per cent. per annum over the Planned Life of the Company, the ZDP Shareholders will receive less than 127.25 pence per ZDP Share on the Planned Winding Up Date.

On the basis of the Assumptions, if the capital value of the Company's portfolio falls by 57.2 per cent. or more per annum over the Planned Life of the Company, the ZDP Shareholders will receive nothing in respect of their ZDP Shares on the Planned Winding Up Date. ZDP Shares are not a protected or guaranteed investment. There can be no assurance that the final capital entitlement of 127.25 pence per ZDP Share will be repaid in full on the Planned Winding Up Date.

### **Risks specific to structural conflicts of interests**

The different rights and expectations of the holders of Ordinary Shares and the holders of ZDP Shares may give rise to conflicts of interest between them. Ordinary Shareholders are expected to be interested in both the revenue produced by the Company's portfolio (as this is closely linked to the amount of any dividend the Ordinary Shareholders may receive) and increases in the capital value of the portfolio. ZDP Shareholders are expected to have little or no interest in the revenue produced by the Company's portfolio save to the extent that the Company's operating costs exceed that revenue. The ZDP Shareholders are instead expected to have an interest in the capital value of the portfolio being sufficient to repay the final capital entitlement to the holders of ZDP Shares at the Planned Winding Up Date but can be expected to have little or no interest in any growth in capital significantly in excess of that pre-determined amount.

The Board will seek to strike a balance between the interests of Ordinary Shareholders in maximising capital growth and dividends and ZDP Shareholders in meeting their pre-determined final capital entitlement while utilising an appropriate level of risk consistent with the Company's investment policy to seek to achieve the investment objective. There can be no guarantee that such a balance will be achieved and maintained during the Planned Life of the Company.

### **Risks specific to the volatility of the Share price**

The market price of the Shares may fluctuate significantly and Shareholders may not be able to sell their Shares at or above the price at which they acquired them.

Factors that may cause the price of the Shares to fluctuate include, for example:

- (a) changes in the Company's financial performance and prospects or in the financial performance and prospects of companies generally which are engaged in businesses that are similar to the Company's business;
- (b) changes in the underlying values and trading volumes of the investments within the Company's investment portfolio;
- (c) changes in the general interest rates, with upward movements in interest rates likely to lead to reductions in the market value of the ZDP Shares;
- (d) the termination of the Investment Management Agreement or the departure of some or all of the Investment Managers' investment professionals;
- (e) changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company's business;
- (f) sales of Shares by Shareholders or, in some circumstances, the Company utilising any buy back authority it has to purchase (and either cancel or hold in treasury) Shares;
- (g) general economic trends and other external factors, including those resulting from war, political and diplomatic trends, incidents of terrorism or responses to such events;
- (h) speculation (which may or may not be unfounded) in the press or investment community regarding the Company, the Investment Managers' business or investments, or factors or events that may directly or indirectly affect its business or investments; and
- (i) a future issuance of Shares (although the Company has no current intention to issue further new Shares other than pursuant to the Issues).

Securities markets have in the past and in general experienced volatility that has often been unrelated to the operating performance of particular companies or partnerships. Any broad market fluctuations may adversely affect the trading price of the Shares.

#### **Risks specific to liquidity**

The Company is a closed-ended company. Shareholders will have no right to have their Shares redeemed or repurchased by the Company. Shareholders wishing to realise their investment in the Company before the Planned Winding Up Date will be required to dispose of their Shares on the stock market. Accordingly, the ability of Shareholders to realise the Net Asset Value of, or any value in respect of, their Shares is dependent on the existence of a liquid market in the Shares and the market price of such Shares.

Market liquidity in the Shares may be less than the market liquidity in the shares issued by other companies which are traded on the Main Market.

#### **Risks specific to the discount at which the Shares may trade**

At any given point in time, the price for a Share which a Shareholder could achieve on the stock market may be significantly less than the Net Asset Value of a Share or the price paid by the Shareholder to acquire that Share. The Shares may trade at a discount to their Net Asset Value for a variety of reasons, including as a consequence of general market conditions (including upward movements in interest rates), concerns regarding the general liquidity or marketability of the Shares or the actual or expected performance of the Company.

#### **Risks specific to taxation and the loss of investment trust status**

It is the intention of the Directors to make an application to HMRC for the Company to be approved as an investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2, Chapter 1 of the Investment Trust (Approved Company) (Tax) Regulations 2011 with effect from the commencement of its first accounting period. The Directors intend to conduct the affairs of the Company so as to satisfy the requirements to be met while approved as an investment trust on an ongoing basis. Any change in the Company's tax status or in taxation legislation generally could affect the value of the

investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders. A serious breach of the requirements that a company must meet to maintain its status as an approved investment trust company could lead to the Company being subject to tax on its UK capital gains. It is not possible to guarantee that the Company will remain non-close, which is a requirement to obtain and maintain status as an investment trust, as Shares are freely transferable. Any failure by the Company to satisfy any of the requirements of section 1158 of the Corporation Tax Act 2010 and Part 2, Chapter 3 of the Investment Trust (Approved Company) (Tax) Regulations 2011 could affect the value of the investments held by, and the performance of, the Company.

The value of tax reliefs available to Shareholders and the taxation of a Shareholder's investment will depend on each Shareholder's individual circumstances. Prospective investors who are in any doubt as to their particular tax circumstances should consult their own professional adviser before making their investment.

The information provided in this document in relation to the taxation of investors or prospective investors in Shares are based upon current tax law and practice which is in principle subject to change. The value of particular tax reliefs, if available, will depend on each individual Shareholder's circumstances. This document is not a substitute for independent tax advice.

#### **Risks specific to the restrictions in relation to payment of dividends**

The Company may pay dividends only to the extent that it has distributable profits available for that purpose. If, however, the Company's assets were to fall to a level where they were less than one and a half times the aggregate of its liabilities to creditors then the Company would be unable to rely upon its status as an investment company to continue to pay dividends on the Ordinary Shares (the ZDP Shares are not considered to form part of the liabilities to creditors for the purpose of this test). If this were to occur then the Company could only pay dividends, subject to any special reserve arising on the cancellation of the Company's share premium account, to the extent that: (i) its accumulated realised profits (so far as not previously utilised by distribution or capitalisation) exceed its accumulated realised losses; and (ii) its net assets (both before and after the proposed dividend) exceed the aggregate of its called up share capital and undistributable reserves.

#### **Risks relating to global macro events**

Changes in global macro events may affect the underlying asset values and the liquidity and the valuation of the Company's portfolio. The global social and political discord (including the terrorist attacks that have taken place around the world) may have long term effects on the worldwide financial markets and may cause further economic uncertainties (including but not limited to significant increases in the rate of inflation). There can be no assurance that these events and other market disruptions will not have other material and adverse implications which could prejudice the Company's ability to achieve its investment objective.

#### **Risks relating to the UK's exit from the European Union**

The Company is likely to face significant uncertainty as a result of the UK referendum to leave the European Union and the UK Government triggering Article 50 of the Treaty on European Union. Brexit, anticipation of Brexit or the terms of Brexit could create significant UK stock market uncertainty, which may have a greater effect on small UK quoted companies which tend to have greater exposure to the UK domestic economy which may, as a result, effect the share price, the earnings per share and dividends payable by such small UK quoted companies. This, in turn, could have a material adverse effect on the total shareholder returns, the dividends paid by the Company, the Net Asset Value and the price of the Shares.

#### **Risks specific to the reliance on third party service providers**

The Company is reliant upon the provision of services by third party service providers in order to carry on its business and a failure by one or more service providers could materially disrupt the business of the Company or impact detrimentally on its investment performance.

The Company is reliant upon third party service providers for the performance of certain functions, in particular, the Investment Managers, the Depositary, the Custodian and the Registrar will be performing

services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to meet its investment objectives. Furthermore, failure of third party service providers' key operational systems (including IT infrastructure as a consequence of cyber crime) could have a material adverse impact on the net assets and performance of the Company. In addition, the Company relies on its third party service providers to manage regulatory and statutory change and compliance on its behalf. Any failure in this regard could have a material adverse impact on the net assets and performance of Company.

The past performance of the Investment Managers and other investments managed by the Investment Managers are not guides to the future performance of the Company.

There can be no guarantee that Aberforth Partners will remain as the investment managers of the Company. The Investment Managers ceasing to act as investment managers of the Company may have an adverse effect on the performance of the Company. The Company has no employees and will be dependent on the skills and experience of the Investment Managers to manage its investments. If key personnel leave the Investment Managers or cease to be involved in the management of the Company's portfolio, there is no assurance that suitable replacements will be found. If this occurs there may be an adverse effect on the performance of the Company and the value of the Shares.

If it is necessary for the Company to replace any third party service provider it may be that the transition process takes time, increases costs and adversely impacts the Company's operations and/or investments and performance.

#### **Risks specific to the Company's investments**

The Company will invest in the securities of small UK quoted companies, including (in limited circumstances) companies traded on AIM. Smaller companies can be expected, in comparison to larger companies, to have less mature businesses, a more restricted depth of management and a higher risk profile. Their earnings tend to be less predictable and the prices of their securities more volatile.

Investment in small UK quoted companies is generally perceived to carry more risk than investment in large companies. There can be no guarantee that any realisation of an investment will be on a basis that necessarily reflects the valuation of that investment. The Company will normally invest in securities of a portfolio of between 50 and 100 companies. By investing in a diversified portfolio the risks of investment in small companies are lower than investing directly in an individual small company.

The portfolio held by the Company will not necessarily mirror the stocks and weightings of, or returns made by, any particular share index. In addition, the value investing style adopted by the Investment Managers may not be in favour during all or part of the life of the Company and this could result in significant divergence from the NSCI (XIC).

#### **Risks Specific to the laws and regulations which may affect the Company**

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and performance. The Company is subject to laws and regulations enacted by the UK government. In addition, the Company is required to comply with certain regulatory requirements which are applicable to closed-ended investment companies (including continuing obligations) whose shares are listed on the premium segment of the Official List. Any change in the laws and regulations affecting the Company and the Investment Managers (including for example the implementation of the Markets in Financial Instruments Directive II (2014/65/EU) which will have an impact on how research will be paid for and this could result in the amount of research carried out in relation to smaller companies reducing which could, in turn, reduce the demand for the shares in such companies) may have an adverse effect on the ability of the Company to carry on its business and pursue its investment policy.

#### **The Company has not registered and will not register as an investment company under the U.S. Investment Company Act**

The Company will seek to qualify for an exemption from the definition of "investment company" under the U.S. Investment Company Act and will not register as an investment company in the United States under

the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which are applicable to the Company or its investors.

**The Company's assets could be deemed "plan assets" that are subject to the requirements of ERISA and/or Section 4975 of the U.S. Code**

The purchase of Ordinary Shares by an employee benefit plan subject to ERISA, or Section 4975 of the U.S. Code or by any entity whose assets are treated as assets of any such plan, could result in the assets of the Company being considered plan assets for the purposes of ERISA, and/or Section 4975 of the U.S. Code and regulations made thereunder. In such circumstances the Company, the AIFM, and also the fiduciaries of such an employee benefit plan could be liable for any ERISA violations by the Company, the Investment Managers and for other adverse consequences under ERISA.

**U.S. tax legislation may in the future impose a withholding tax on certain payments received by the Company unless the Company reports certain information about its Shareholders to the IRS**

The US-UK Agreement to Improve International Tax Compliance and to Implement FATCA (the "**US-UK IGA**") was entered into with the intention of enabling the UK implementation of the Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act ("**FATCA**"), which impose a reporting regime and potentially a 30 per cent, withholding tax on certain payments made from (or attributable to) US sources or in respect of US assets to certain categories of recipient including a non-US financial institution (a "**foreign financial institution**" or "**FFI**") that does not comply with the terms of FATCA and is not otherwise exempt. Certain financial institutions ("**reporting financial institutions**") are required to provide certain information about their US account holders to HMRC (which information will in turn be provided to the US tax authority) pursuant to UK regulations implementing the US-UK IGA. It is expected that the Company will constitute a reporting financial institution for these purposes. The Company will not, however, generally need to report any information in respect of US Shareholders on the basis that the Ordinary Shares are expected to be treated as being regularly traded on an established securities market and should not, therefore, constitute financial accounts for FATCA purposes for so long as the Ordinary Shares are listed on the London Stock Exchange. It is the intention of the Company and the Investment Managers to procure that the Company is treated as complying with the terms of FATCA by complying with the terms of the reporting system contemplated by the US-UK IGA. No assurance can, however, be provided that the Company will be able to comply with FATCA and, in the event that it is unable to do so, a 30 per cent, withholding tax may be imposed on payments the Company receives from (or which are attributable to) US sources or in respect of US assets, which may reduce the amounts available to the Company to make payments to Shareholders.

**Risks specific to the Proposals**

For the purposes of the Proposals, and in order to enable the Company to acquire assets from AGIT, the assets of the Company and AGIT are expected to be valued as at the close of business on 23 June 2017 (which will be the Calculation Date for the purposes of the AGIT Scheme) and assets will be transferred to the Company as soon as practicable following the Scheme becoming unconditional. Movements in the value of those assets during the intervening period may have a positive or negative effect on the Company's opening Net Asset Value. Movements in the value of those assets over the period since the date of this document could also affect the portfolio yield used in the Assumptions and may result in the Company being unable to meet the expected minimum dividend of 4 pence per Ordinary Share in respect of the period to 30 June 2018.

The completion of the Proposals is also dependent on Admission becoming effective which can only occur after AGIT is placed into liquidation. Therefore, if Admission were not to occur after AGIT has been placed into liquidation, the Scheme would not be implemented, any assets transferred to ASLIT would be returned to AGIT and AGIT Shareholders would instead receive their entitlements in accordance with the provisions of the special resolution passed at the First Meeting and AGIT would remain liable for costs in relation to the Proposals which it is estimated would be approximately £400,000 if the Proposals did not proceed.

## IMPORTANT INFORMATION

### General

This document should be read in its entirety. Investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Investment Managers or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules, MAR and the Disclosure Guidance and Transparency Rules neither the delivery of this document nor any subscription made following receipt of this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Investors must not treat the contents of the document or any subsequent communications from the Company, the Sponsor or the Investment Managers or any of their respective affiliates, officers, directors, employees or agents, as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on the Sponsor by FSMA or the regulatory regimes established thereunder, the Sponsor makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares or the Issues. The Sponsor accordingly disclaims all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it might otherwise have in respect of this document or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

If you are in doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant, or other appropriately qualified adviser authorised under the Financial Services and Markets Act 2000.

### Data protection

The information that the Company receives in relation to the Shareholders on Admission or subsequently by whatever means which relates to the Shareholder (if it is an individual) or a third party individual (to include, in each case, sensitive personal data ("**personal data**")) will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) and/or the Investment Managers in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Each prospective investor acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) and/or the Company Secretaries for the following purposes:

- verifying and disclosing the identity of the Shareholder to comply with statutory and regulatory requirements in relation to anti-money laundering procedures and identifying the tax domicile of all investors;
- contacting the prospective investor with information about other products and services provided by the Investment Managers, or their affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each prospective investor acknowledges and consents that where appropriate it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) and/or the Administrator to:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors in the United Kingdom.

If the Company (or any third party, functionary or agent appointed by the Company) and/or the Administrator discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

### **Regulatory information**

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this document may be prohibited in some countries.

### **Overseas investors**

If you receive a copy of this document in any territory other than the United Kingdom, the Channel Islands and the Isle of Man, you may not treat it as constituting an invitation or offer to you. It is your responsibility, if you are outside the United Kingdom, the Channel Islands or the Isle of Man to satisfy yourself that you have fully observed the laws of any relevant territory or jurisdiction in connection with your receipt of Shares, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

Without limiting the above, the Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Japan or Australia or in the United States or any other Restricted Jurisdiction or to any US Person except in reliance on, or in a transaction not subject to, the registration requirements under the US Securities Act or other relevant legislation.

### **Selling Restrictions**

#### *Ireland*

The distribution of this Prospectus and the offering or purchase of Ordinary Shares and ZDP shares is restricted to the individual to whom this Prospectus is addressed. Accordingly, it may not be reproduced in whole or in part, nor may its contents be distributed in writing or orally to any third party and it may be read solely by the person to whom it is addressed and his/her professional advisers. Ordinary Shares and ZDP Shares must not be publicly marketed to professional investors in Ireland without notification being made and transmitted in accordance with Article 32 of the AIFM Directive. No such notification has yet been made. For the avoidance of doubt this Prospectus has not been reviewed or approved by the Central Bank.

#### *Isle of Man*

The Company is not subject to any form of regulation or approval in the Isle of Man and investors are not protected by any statutory compensation arrangements in the event of the Company's failure. The Isle of Man Financial Services Authority does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it in this document.

#### *Guernsey*

This Prospectus has not been approved, authorised or registered by the Guernsey Financial Services Commission for circulation in the Bailiwick of Guernsey.

The Offer and Placing referred to in this Prospectus may not be made in or from within the Bailiwick of Guernsey and this Prospectus may not be distributed or circulated, directly or indirectly, to any persons in the Bailiwick of Guernsey other than:

- (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended);
- (ii) to persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended) or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2000 (as amended); or
- (iii) in circumstances where a licence to carry out the restricted activity of promotion is not required under the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended).

The Placing and Offer referred to in this Prospectus and this Prospectus are not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs (i), (ii) and (iii) and must not be relied upon by any person unless made or received in accordance with such paragraphs.

#### *Jersey*

Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of this document. Accordingly the offer that is the subject of this document may only be made in Jersey where the offer is not an offer to the public or the offer is valid in the United Kingdom or Guernsey and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom or Guernsey as the case may be. By accepting this offer each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the Offer.

#### **Automatic exchange of information (AEOI)**

To the extent that the Company may be a Reporting Financial Institution under FATCA and/or the Common Reporting Standard, it may require Shareholders to provide it with certain information in order to comply with its AEOI obligations which information may be provided to the UK tax authorities who may in turn exchange that information with certain other tax authorities.

#### **Investment considerations**

The contents of this document are not to be construed as advice relating to legal, taxation, investment or any other matters. Prospective investors must inform themselves as to (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares.

Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment therein.

It should be remembered that the price of the Shares, and the income from such Shares (if any), can go down as well as up. An investment in Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets. Shares in the Company are designed to be held over the long term and may not be suitable as short-term investments. Prospective investors should consult their stockbroker, bank manager, solicitor, accountant or other independent financial adviser before making an investment in the Company.

## **Forward looking statements**

To the extent that this document includes forward looking statements concerning the Company, those statements are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates” and words of similar import.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Forward looking statements are not guarantees of future performance. Given these risks and uncertainties, potential investors should not place undue reliance on forward looking statements as a prediction of actual results.

Nothing in the preceding two paragraphs seeks to limit or qualify, in any way, the working capital statement in paragraph 10.5 of Part 6 of this document.

The Company does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Information in this document will be updated as required by the Prospectus Rules, MAR, Listing Rules and Disclosure Guidance and Transparency Rules, as appropriate.

## **Latest practicable date**

In this document, where the context requires, references to 17 May 2017 should be treated as being references to the latest practicable date prior to the publication of this document.

## **Presentation of information**

### *Performance Data*

The Company has no investment history. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Investment Managers, which market conditions may be different in many respects from those that prevail at present or in the future, with the result that the performance of portfolios originated now may be significantly different from those originated in the past.

No representation is being made by the inclusion of the investment strategies presented herein that the Company will achieve performance similar to the investment examples and strategies herein or avoid loss. There can be no assurance that the investment examples and strategies described herein will meet their objectives generally, or avoid losses. Past performance is no guarantee of future results. Performance is shown net of management fees. An investment in the Company involves a significant degree of risk.

### *Currency presentation*

Unless otherwise indicated, all references in this document to “GBP”, “£”, “pence”, “p” or “Sterling” are to the lawful currency of the UK.

## **Governing law**

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

## **Website**

The content of Aberforth Partners’ website insofar as it relates to the Company does not form part of this document. Potential investors including AGIT Shareholders should base their decision on whether or not to invest in Shares on the contents of this document alone.

## **Third party information**

Where information in this document has been sourced from a third party, the Company confirms that this information has been accurately reproduced and the source identified and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## ISSUE STATISTICS<sup>(1)</sup>

### Ordinary Shares

Issue Price per Ordinary Share	100 pence
Expected minimum dividend per Ordinary Share for the period to 30 June 2018 <sup>(2)</sup>	4 pence
Hurdle rate to return Issue Price of 100 pence per Ordinary Share at the Planned Winding Up Date <sup>(3)</sup>	1.5 per cent. per annum
Hurdle rate at which the Ordinary Shares will not have any capital value on the Planned Winding Up Date <sup>(3)</sup>	-17.0 per cent. per annum
Maximum number of Ordinary Shares to be issued pursuant to the Issues	600 million

### ZDP Shares

Issue Price per ZDP Share	100 pence
Fixed capital entitlement per ZDP Share on the Planned Winding Up Date	127.25 pence
Gross Redemption Yield at Issue Price <sup>4</sup>	3.5 per cent.
Illustrative Cover of the ZDP Shares on the Admission Date	3.37 times
Hurdle rate to receive final capital entitlement of 127.25 pence on the Planned Winding Up Date <sup>(3)</sup>	-17.0 per cent. per annum
Hurdle rate at which ZDP Shares will not be entitled to any final capital entitlement on the Planned Winding Up Date <sup>(3)</sup>	-57.2 per cent. per annum
Maximum number of ZDP Shares to be issued pursuant to the Issues	150 million

### Dealing codes

ISIN (Ordinary Shares)	GB00BYPBD394
ISIN (ZDP Shares)	GB00BYPBD519
SEDOL (Ordinary Shares)	BYPBD39
SEDOL (ZDP Shares)	BYPBD51
Ticker (Ordinary Shares)	ASIT
Ticker (ZDP Shares)	ASIZ

(1) The returns and certain of the issue statistics set out above are projected and illustrative and do not represent profit forecasts. There is no guarantee these returns will be achieved. They are described in more detail in Part 1 of this document. The returns and issue statistics should be read in conjunction with the Assumptions (set out in Part 3 of this document). Potential investors are reminded to read the section headed 'Risk factors' (pages 14 to 20) and the section headed 'Forward looking statements' (page 23). Capital entitlements at the Planned Winding Up Date are dependent on there being sufficient capital growth in the Company's assets.

(2) The expected minimum dividend per Ordinary Share is expressed as the sum of the intended interim dividends in respect of the Company's first financial period to 30 June 2018. This statement of intention relates to dividends only, is not a profit forecast and is based on the Assumptions. In the event the Assumptions are not met, this may affect the ability of the Company to meet its intended level of dividend distribution.

(3) Hurdle rates refer to the rate of annual capital growth in the Company's portfolio required for the Net Asset Value of a Share to equal a stated amount on the Planned Winding Up Date and are based on the Assumptions.

(4) The Gross Redemption Yield of 3.5 per cent. is based on the final capital entitlement of 127.25 pence on 1 July 2024 and the Issue Price of 100 pence.

## EXPECTED TIMETABLE

	<i>2017</i>
Placing and Offer for Subscription opens	Friday, 19 May
First general meeting of AGIT	10.00 a.m. on Thursday, 15 June
Latest time and date for the receipt by AGIT of forms of election or TTE instructions from AGIT Shareholders	1.00 p.m. on Monday, 19 June
Latest time and date for the receipt of Application Forms under the Offer*	1.00 p.m. on Monday, 19 June
Calculation Date	close of business on Friday, 23 June
Latest time and date for receipt of applications under the Placing*	3.00 p.m. on Monday, 26 June
Regulatory Information Service announcement of the results of the Placing and Offer and the number of Ordinary Shares and ZDP Shares to be issued pursuant to the AGIT Scheme	Thursday, 29 June
Second general meeting of AGIT	11.00 a.m. on Friday, 30 June
Effective Date for the AGIT Scheme	Friday, 30 June
Admission and dealings in the Ordinary Shares and ZDP Shares commence	8.00 a.m. on Monday, 3 July
Crediting of CREST accounts in respect of the Ordinary Shares and the ZDP Shares issued under the Issues	8.00 a.m. on Monday, 3 July
Share certificates in respect of the Ordinary Shares and the ZDP Shares despatched (if applicable)	Week commencing Monday, 10 July

\* The Directors may, with the prior approval of J.P. Morgan Cazenove, alter such dates and thereby lengthen the period for returning Application Forms under the Offer, making commitments under the Placing to a date no later than 30 June 2017 and/or the date of Admission to a date or dates no later than 31 July 2017. The Company will notify investors of any such changes to these dates by making an announcement via a Regulatory Information Service. All references in this document to times are to London times.

## DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

<b>Act</b>	the Companies Act 2006 as amended from time to time
<b>Admission</b>	the admission of the Ordinary Shares to be issued under the Issues to the Official List with a Premium Listing and to trading on the Main Market and the admission of the ZDP Shares to be issued under the Issues to the Official List, with a Standard Listing and to trading on the Main Market, in each case in accordance with the Listing Rules and the Admission and Disclosure Standards
<b>Admission Condition</b>	(i) the UK Listing Authority having acknowledged to ASLIT or its agent (and such acknowledgement not having been withdrawn) that the application for admission of the Ordinary Shares and the ZDP Shares to the Official List with a premium listing and a standard listing respectively has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject (“listing conditions”)) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied and (ii) the London Stock Exchange having acknowledged to ASLIT or its agent (and such acknowledgement not having been withdrawn) that the Ordinary Shares and the ZDP Shares will be admitted to trading on the Main Market
<b>Admission Date</b>	the date on which Admission becomes effective (which is expected to be 3 July 2017)
<b>Admission and Disclosure Standards</b>	the admission and disclosure standards of the London Stock Exchange for securities admitted or seeking to be admitted to trading, as amended from time to time
<b>AGIT</b>	Aberforth Geared Income Trust plc, a company incorporated in England and Wales with registered number 07189761
<b>AGIT Circular</b>	the circular published by AGIT on 19 May 2017 setting out the terms of the AGIT Scheme and convening the AGIT general meetings
<b>AGIT Directors</b>	the directors of AGIT or any duly constituted committee thereof
<b>AGIT Ordinary Shareholder</b>	a holder of AGIT Ordinary Shares
<b>AGIT Ordinary Shares</b>	ordinary shares of 1p each in the capital of AGIT
<b>AGIT Rollover Portfolio</b>	the pools of assets representing the entitlements of AGIT Shareholders who elect for the Rollover Option, taking account of any scaling back as may be required, which are to be transferred to the Company pursuant to the AGIT Scheme
<b>AGIT Scheme or Scheme</b>	the scheme relating to AGIT under section 110 of the Insolvency Act 1986
<b>AGIT Shareholder</b>	a holder of AGIT Ordinary Shares and/or AGIT ZDP Shares as the context may require

<b>AGIT Shares</b>	the AGIT Ordinary Shares and/or the AGIT ZDP Shares as the context may require
<b>AGIT ZDP Shareholder</b>	a holder of AGIT ZDP Shares
<b>AGIT ZDP Shares</b>	ZDP shares of 1p each in the capital of AGIT
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the AIC Code of Corporate Governance as amended from time to time
<b>AIFM, Aberforth Partners, Company Secretaries or Investment Managers</b>	Aberforth Partners LLP, a limited liability partnership established in England and Wales with registered number OC313353 and, as the context may require its predecessor firm Aberforth Partners
<b>AIFM Directive</b>	Directive 2011/61/EU of the European Parliament and of the Council
<b>AIM</b>	the London Stock Exchange's international market for smaller growing companies
<b>Application Form</b>	the application form in respect of the Offer set out at the end of this document
<b>Articles</b>	the articles of association of the Company, a summary of which is set out in paragraph 3 of Part 6 of this document, as amended from time to time
<b>ASCOT</b>	Aberforth Smaller Companies Trust plc, a company incorporated in Scotland with registered number SC126524
<b>Assumptions</b>	the principal bases and assumptions set out in Part 3 of this document
<b>Australia</b>	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
<b>Board</b>	the board of Directors of the Company or a duly constituted committee thereof
<b>Brexit</b>	the departure of the United Kingdom from the European Union
<b>Business Day</b>	a day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays in England)
<b>Calculation Date</b>	the time and date, expected to be close of business on 23 June 2017, at which the value of AGIT's assets will be calculated for the purposes of the AGIT Scheme and the Proposals
<b>Canada</b>	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof
<b>Capita Asset Services</b>	a trading name of Capita Registrars Limited
<b>Cash Offer</b>	has the meaning given in paragraph 3.7.2 of Part 6 of this document

<b>Cash Option</b>	the option for AGIT Shareholders to receive cash in respect of some or all of their holding of AGIT Shares under the AGIT Scheme
<b>certificated or in certificated form</b>	not in uncertificated form
<b>Code</b>	the UK Corporate Governance Code issued by the Financial Reporting Council
<b>Company or ASLIT</b>	Aberforth Split Level Income Trust plc, a company incorporated in England and Wales with registered number 10730910
<b>Cover</b>	the ratio of the net assets of the Company as at a specified date (excluding revenue reserves) to the sum of the final capital entitlement of the ZDP Shares plus an amount equal to the estimated aggregate costs charged to capital to the Planned Winding Up Date and the estimated winding up costs (and, for the avoidance of doubt, neither the ZDP Shares nor their capital entitlement shall be treated as borrowings when calculating the net assets of the Company for these purposes);
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time
<b>Custodian</b>	The Northern Trust Company, a company registered in England and Wales with registered number FC006465
<b>Custody Agreement</b>	the custody agreement between the Custodian and the Depositary regarding the delegation by the Depositary of the custody of the assets of the Company to the Custodian
<b>Depositary</b>	National Westminster Bank plc, a company incorporated in England and Wales with registered number 00929027
<b>Depositary Agreement</b>	the depositary agreement dated 10 May 2017 between the Company, the AIFM and the Depositary a summary of which is set out in paragraph 6.4 of Part 6 of this document
<b>Directors</b>	the directors of the Company
<b>Disclosure Guidance and Transparency Rules</b>	the disclosure, guidance and transparency rules made by the FCA under Part VI of FSMA as amended from time to time
<b>EEA States</b>	the member states of the European Economic Area
<b>Effective Date</b>	the date (which is expected to be 30 June 2017) of passing of the resolution to place AGIT into members' voluntary liquidation at a general meeting of AGIT convened for 11.00 a.m. 30 June 2017 or, if later, on all conditions of such resolution being satisfied
<b>Election</b>	an election under the AGIT Scheme for the Cash Option or the Rollover Option or a combination of these options, as the case may be, in respect of AGIT Shares (including, where relevant, a deemed election)
<b>ERISA</b>	the Employee Retirement Income Security Act of 1974

<b>FATCA</b>	the US Foreign Account Tax Compliance Act 2010 and any regulations made thereunder or in association therewith
<b>FCA</b>	the Financial Conduct Authority
<b>FRS 102</b>	Financial Reporting Standard 102 applicable in the UK and Republic of Ireland
<b>FSMA</b>	the Financial Services and Markets Act 2000 as amended from time to time
<b>Gross Redemption Yield or GRY</b>	the annually compounded rate of interest at which the total discounted value of the planned future payment of capital equates to the ZDP share price at the date of calculation
<b>HMRC</b>	HM Revenue & Customs
<b>Investment Company Act</b>	the United States Investment Company Act of 1940 (as amended)
<b>Investment Management Agreement</b>	the investment management agreement dated 10 May 2017 between the Company and the Investment Managers, a summary of which is set out in paragraph 6.1 of Part 6 of this document
<b>Investment Management Fee</b>	the fee payable to Aberforth Partners by the Company pursuant to the Investment Management Agreement in respect of the investment management, company secretarial and administration services that are provided to the Company by Aberforth Partners
<b>ISA</b>	an individual savings account maintained in accordance with the ISA Regulations
<b>ISA Regulations</b>	the Individual Savings Account Regulations 1998 SI 1998/1870 as amended from time to time
<b>Issue Price</b>	100 pence per Ordinary Share and/or 100 pence per ZDP Share to be issued pursuant to the Issues
<b>Issues</b>	the issue of Ordinary Shares and/or ZDP Shares pursuant to the AGIT Scheme and the Placing and Offer for Subscription
<b>Japan</b>	Japan, its cities, prefectures, territories and possessions
<b>J.P. Morgan Cazenove or JPMC</b>	J.P. Morgan Securities Ltd., which conducts its UK investment banking activities as J.P. Morgan Cazenove
<b>Kepler Partners or Kepler</b>	Kepler Partners LLP, a limited liability partnership incorporated in England and Wales with registered number OC334771
<b>Latest Practicable Date</b>	17 May 2017 (being the latest practicable date prior to the publication of this document)
<b>Liquidation Resolution</b>	has the meaning given in paragraph 3.7.1 of Part 6 of this document
<b>Listing Rules</b>	the listing rules made by the FCA under Part VI of FSMA as amended from time to time
<b>London Stock Exchange</b>	London Stock Exchange plc

<b>Main Market</b>	the London Stock Exchange's main market for listed securities
<b>MAR</b>	Market Abuse Regulation (Regulation 596/2014)
<b>Minimum Net Proceeds</b>	the Minimum Share Subscription Amount less the costs and expenses of the Issues
<b>Minimum Share Subscription Amount</b>	at least £100 million, being the aggregate subscription, election and/or application amount for, 80 million Ordinary Shares and 20 million ZDP Shares under the Issues
<b>NAV</b>	net asset value per Share in pence
<b>Net Asset Value</b>	the net asset value of an Ordinary Share in pence and/or a ZDP Share in pence as the context requires (being the accrued capital entitlement of a ZDP Share from time to time) on the relevant date calculated on the basis of the Company's normal accounting principles and policies
<b>Net Issue Proceeds</b>	the aggregate proceeds agreed to be subscribed under the Placing and Offer for Subscription less an amount equal to the aggregate costs and expenses (including stamp duty) incurred and to be incurred by the Company in relation to the Proposals (following any scaling back)
<b>NSCI</b>	Numis Smaller Companies Index
<b>NSCI (XIC)</b>	Numis Smaller Companies Index (excluding investment companies)
<b>NURS</b>	a non-UCITS retail scheme, which is an authorised fund which is neither a UCITS nor a qualified investor scheme
<b>Offer or Offer for Subscription</b>	the offer for subscription of Ordinary Shares and ZDP Shares as described in this document
<b>Official List</b>	the Official List maintained by the UK Listing Authority
<b>Ordinary Shareholders</b>	the holders of Ordinary Shares
<b>Ordinary Shares</b>	the ordinary shares of 1p each in the capital of the Company
<b>Overseas AGIT Shareholder</b>	an AGIT Shareholder who has a registered address outside or who is resident in, or is a citizen, resident or national of, any jurisdiction outside the United Kingdom, the Channel Islands and the Isle of Man
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Placee(s)</b>	the persons procured by JPMC as purchasers pursuant to the Placing (following, for the avoidance of any doubt, any scaling back in accordance with the procedures set out in this document)
<b>Placing</b>	the placing of Ordinary Shares and ZDP Shares as described in this document
<b>Placing Agreement</b>	the placing agreement between the Company, J.P. Morgan Cazenove and Aberforth Partners dated 19 May 2017, a summary of which is set out in paragraph 6.2 of Part 6 of this document

<b>Planned Life</b>	the period from the date of incorporation of the Company to the Planned Winding Up Date
<b>Planned Winding Up Date</b>	1 July 2024
<b>Premium Listing</b>	a listing on the premium segment of the Official List
<b>Proposals</b>	the proposals for the Company's participation in the AGIT Scheme and the Placing and Offer
<b>Prospectus</b>	this document
<b>Prospectus Directive</b>	Directive 2003/71 and any relevant implementing measure in each EEA State which has implemented this directive
<b>Prospectus Rules</b>	the prospectus rules made by the FCA under Part VI of FSMA as amended from time to time
<b>Ratio</b>	the ratio, on Admission, of Ordinary Shares to ZDP Shares of 4:1
<b>Receiving Agent</b>	Capita Asset Services, a trading name of Capita Registrars Limited, a company incorporated in England & Wales with registered number 2605568 and having its registered office at The Registry, 34 Beckenham Road, Beckenham BR3 4TU
<b>Recommended Offer Resolution</b>	has the meaning given in paragraph 3.7.2 of Part 6 of this document
<b>Recommended Reconstruction Resolution</b>	has the meaning given in paragraph 3.7.3 of Part 6 of this document
<b>Reconstruction Resolution</b>	has the meaning given in paragraph 3.7.3 of Part 6 of this document
<b>Redeemable Shares</b>	the redeemable preference shares of £1 each in the capital of the Company
<b>Registrar</b>	Capita Asset Services, a trading name of Capita Registrars Limited
<b>Registrar's Agreement</b>	the registrar's agreement between the Company and the Registrar dated 18 May 2017
<b>Regulatory Information Service</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA
<b>Remaining AGIT Portfolio</b>	the remaining assets of AGIT including securities (at bid prices), cash and other assets as at the Effective Date which do not form part of the AGIT Rollover Portfolio
<b>Restricted Jurisdiction</b>	any jurisdiction where local law or regulations may result in a risk of civil, regulatory or criminal exposure or prosecution if information or documentation concerning the Issue or this document is sent or made available to a person in that jurisdiction
<b>Rollover Option</b>	the option for (or the deemed election of) AGIT Shareholders to receive Ordinary Shares and/or ZDP Shares in respect of some or all of their holding of AGIT Shares under the AGIT Scheme

<b>Shareholders</b>	the Ordinary Shareholders and/or the ZDP Shareholders as the context may require
<b>Shares</b>	the Ordinary Shares and/or the ZDP Shares as the context may require
<b>SIPP</b>	self-invested personal pension
<b>small UK quoted company</b>	companies that have a market capitalisation, at the time of purchase, equal to or lower than the largest company in the bottom 10 per cent., by market capitalisation, of the Main Market for listed securities or companies in the NSCI (XIC)
<b>SORP</b>	AIC Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts issued in 2014 and updated in January 2017
<b>SSAS</b>	small self-administered pension scheme
<b>Standard Listing</b>	a listing on the Official List which is not a Premium Listing
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>Takeovers Directive</b>	the European Union's Directive on Takeover Bids (2004/25/EC)
<b>Total Assets</b>	the aggregate gross value of the assets of the Company less the current liabilities of the Company (excluding principal amounts borrowed for investment) and, for the avoidance of doubt, neither the ZDP Shares nor their capital entitlement shall be treated as a liability in this context regardless of their classification on the Company's balance sheet
<b>Transfer Agreement</b>	the agreement to be entered into on or about the Effective Date between the liquidators of AGIT (in their personal capacity and on behalf of AGIT) and the Company, a summary of which is set out in paragraph 6.5 of Part 6 of this document
<b>UCITS</b>	an authorised fund authorised by the FCA in accordance with the UCITS IV Directive (2009/65/EC)
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK GAAP</b>	Generally Accepted Accounting Practice in the UK
<b>UK Listing Authority</b>	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>uncertificated or in uncertificated form</b>	recorded in the register of members of the Company as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>U.S. Code</b>	the Internal Revenue Code of the United States
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US Person</b>	any United States citizen or alien admitted for permanent residence in the United States, and any corporation, partnership, or other organisation organised under the laws of the United States

<b>US Securities Act or Securities Act</b>	the United States Securities Act of 1933, as amended from time to time
<b>VAT</b>	value added tax
<b>ZDP Shareholders</b>	the holders of ZDP Shares
<b>ZDP Shares or Zero Dividend Preference Shares</b>	the zero dividend preference shares of 1p each in the capital of the Company

## DIRECTORS, AIFM, INVESTMENT MANAGERS AND ADVISERS

<b>Directors</b>	Jonathan Harry Cartwright BSc., FCA (Chairman) Graeme Bissett John Dominic Mortimer Fisher, ASIP, OBE Angus Gordon Lennox Graham Reid Menzies
<b>Investment Managers, AIFM and Secretaries</b>	Aberforth Partners LLP 14 Melville Street Edinburgh EH3 7NS
<b>Registered office of the Company</b>	Level 13 Broadgate Tower 20 Primrose Street London EC2A 2EW
<b>Sponsor, financial adviser and broker to the Company</b>	J.P. Morgan Cazenove 25 Bank Street London E14 5JP
<b>Placing Agent</b>	Kepler Partners LLP 9/10 Savile Row London W1S 3PF
<b>Solicitors to the Company</b>	Dickson Minto W.S. Broadgate Tower 20 Primrose Street London EC2A 2EW
<b>Solicitors to the sponsor</b>	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
<b>Registrar</b>	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Receiving Agent for the Offer</b>	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
<b>Depositary</b>	National Westminster Bank plc Trustee and Depositary Services Younger Building 3 Redheughs Avenue Edinburgh EH12 9RH
<b>Custodian</b>	The Northern Trust Company 50 Bank Street Canary Wharf London E14 5NT

<b>Reporting accountants</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Auditor</b>	Deloitte LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2DB
<b>Tax adviser</b>	Ernst & Young LLP Ten George Street Edinburgh EH2 2DZ
<b>Banker</b>	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB

## PART 1

### ABERFORTH SPLIT LEVEL INCOME TRUST PLC

#### Introduction

Aberforth Split Level Income Trust plc is a new, closed ended, split capital investment company. It will have two classes of Shares in issue, Ordinary Shares and ZDP Shares which will be listed on the premium and standard segments of the Official List respectively and traded on the London Stock Exchange's Main Market. ASLIT will invest in a diversified portfolio of securities issued by small UK quoted companies in order to achieve its objective of providing Ordinary Shareholders with a high level of income with the potential for income and capital growth, and providing ZDP Shareholders with a pre-determined final capital entitlement of 127.25 pence on the Planned Winding Up Date of 1 July 2024. The Proposals enable the Company to invest in a portfolio of suitable investments, in accordance with its investment policy, from its launch without incurring significant dealing costs or the risk of suffering a delay in the proceeds of the Issues being invested. Accordingly, the Company expects to be substantially invested on launch. The Company's investment portfolio will be managed by Aberforth Partners which was formed in 1990 and specialises in investing in small UK quoted companies. As at the Latest Practicable Date, Aberforth Partners had £2.6 billion in funds under management on behalf of a number of clients.

It is intended that the Company will act as the rollover option for the existing shareholders in Aberforth Geared Income Trust plc in connection with the recommended proposals for its reconstruction and winding up. AGIT is an existing closed ended, split capital investment company, managed by Aberforth Partners, which has a planned winding up date of 30 June 2017. The Company has a similar investment policy to AGIT. The Company is proposing to issue Ordinary Shares and ZDP Shares to existing AGIT Shareholders who elect to participate in the Rollover Option in consideration for the transfer to the Company of the AGIT Rollover Portfolio.

In addition, pursuant to a placing and offer for subscription, the Company is proposing to issue Ordinary Shares and ZDP Shares, at the Issue Price of 100 pence per Share, in order to finance the acquisition of all or part of the Remaining AGIT Portfolio.

#### The Proposals

In the light of AGIT's planned winding up date of 30 June 2017, the AGIT Directors are recommending that AGIT Shareholders approve the winding up of AGIT by means of a scheme of reconstruction whereby both classes of AGIT Shareholder will be offered the opportunity to exchange their AGIT Shares for Shares in the Company in return for the Company receiving the AGIT Rollover Portfolio. The Placing and Offer is proposed to enable the Company to finance the acquisition of all or part of the Remaining AGIT Portfolio. ASLIT and the Proposals will therefore provide AGIT Shareholders with the opportunity to continue their investment in a split capital trust which invests in a diversified portfolio of small UK quoted companies managed by the same investment managers as AGIT, Aberforth Partners.

The Proposals are conditional on, *inter alia*, the passing of the resolutions to approve the AGIT Scheme at the general meetings of AGIT Shareholders, the AGIT Scheme becoming unconditional and applications and Elections under the Issues being received in respect of, at least, the Minimum Share Subscription Amount.

If the Proposals are implemented, the Company will issue Shares to those AGIT Shareholders who elect for the Rollover Option under the AGIT Scheme (subject to any scaling back as appropriate). In exchange for such issue of Shares, AGIT will transfer the AGIT Rollover Portfolio to the Company. The Company has also agreed, in principle, to acquire, for cash, such part of the Remaining AGIT Portfolio as has a value (as at the Calculation Date) equal to the Net Issue Proceeds. The Company is not seeking to raise funds, pursuant to the Issues, in excess of an amount which would enable ASLIT to acquire all of the Remaining AGIT Portfolio and pay certain costs and expenses associated with the Proposals.

In the event that the net proceeds of the Placing and Offer would exceed the value of all of the Remaining AGIT Portfolio as at the Calculation Date, applications for the Placing and Offer will be scaled back accordingly. Furthermore, the total number of Ordinary Shares and ZDP Shares issued pursuant to the

Proposals will be in the Ratio of 4:1. Further details of the scaling back provisions are set out in Part 4 of this document.

In acquiring, on its launch, the AGIT Rollover Portfolio and all or part of the Remaining AGIT Portfolio, both of which will consist of securities issued by small UK quoted companies and other assets (including cash), the Company will seek to achieve its objective of providing Ordinary Shareholders with a high level of income with the potential for income and capital growth, and to provide ZDP Shareholders with a pre-determined final capital entitlement of 127.25 pence on the Planned Winding Up Date of 1 July 2024.

Further details of the Issues are set out in Part 4 of this document.

### **Investment objective and policy**

#### *Investment objective*

The Company's investment objective is to provide Ordinary Shareholders with a high level of income, with the potential for income and capital growth, and to provide ZDP Shareholders with a pre-determined final capital entitlement of 127.25 pence on the Planned Winding Up Date of 1 July 2024.

#### *Investment policy*

The Company aims to achieve its objective by investing in a diversified portfolio of securities issued by small UK quoted companies.

Small UK quoted companies are those having a market capitalisation, at time of purchase, equal to or lower than the largest company in the bottom 10 per cent., by market capitalisation, of the London Stock Exchange's Main Market for listed securities or companies in the Numis Smaller Companies Index (excluding investment companies) ("NSCI (XIC)").

As at 1 January 2017 (the date of the last annual NSCI (XIC) rebalancing), the NSCI (XIC) consisted of 349 companies, with an aggregate market capitalisation of £157 billion. Its upper market capitalisation limit was £1.4 billion, although this limit will change owing to movements in the stockmarket.

If any investee company no longer satisfies the definition of a small UK quoted company its securities will become candidates for sale unless the Investment Managers determine that the Company's investment objective would be better served by their retention.

Notwithstanding the above, the Investment Managers would not normally expect more than 10 per cent. of the value of the Company's portfolio to be invested in a combination of: (i) securities issued by small UK quoted companies that are neither securities with equity rights, nor securities convertible to such; and/or (ii) holdings in companies that satisfied the definition of a small UK quoted company at the time of purchase but no longer do so and that are not categorised as candidates for sale.

The Company may, at the time of purchase, invest up to 15 per cent. of its assets in securities issued by any one company although, in practice, each exposure will typically be substantially less and, at market value, generally represent less than 5 per cent. of the portfolio on an ongoing basis. The Board expects that this approach will normally result in a portfolio comprising holdings in between 50 and 100 companies.

The Company will not invest in any securities issued by other closed ended UK listed investment companies with the exception of real estate investment trusts ("REITs") that are eligible to be included in the NSCI (XIC).

Investment will only be made in companies with securities traded on the Main Market or, in limited circumstances, in AIM listed investments. AIM listed investments will only be held in the Company's portfolio if they have given a formal commitment to move to the Main Market, or in the situation where an existing investee company has moved its listing from the Main Market to AIM.

The Company will aim to be near to fully invested at all times. There will normally be no attempt to engage in market timing by holding high levels of liquidity though due consideration will be given to liquidity requirements as the Company nears the end of its Planned Life.

The Company does not intend to utilise any bank borrowings other than short term overdraft or working capital facilities. The Directors expect that, in normal market conditions, bank borrowings will not exceed 2.5 per cent. of Total Assets. The Articles limit the level of such bank borrowings to a maximum of 5 per cent. of Total Assets at the time of drawdown. The Company has a policy to maintain total gearing, including the ZDP Shares, below the total of: (i) the accrued capital entitlement of the ZDP Shares from time to time; plus (ii) 5 per cent. of its Total Assets at the time of drawdown. The Directors have delegated responsibility to the Investment Managers for the operation of the Company's overdraft and working capital facilities within the above parameters.

Subject to the prior approval of the Board, the Investment Managers may use derivative instruments, such as financial futures, exchange traded funds, and options, for the purpose of efficient portfolio management. The Board's current expectation is that derivatives will rarely be used, if at all.

Any material changes to the Company's investment objective and policy will be subject to Shareholder approval at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

### **Investment opportunity**

The Proposals provide investors (including, but not limited to, AGIT Shareholders) with the opportunity to invest in a split capital investment trust, whose portfolio, from its launch, will principally comprise a diversified portfolio of small UK quoted companies managed by Aberforth Partners as well as cash and other assets. The Board believes that small UK quoted companies have the potential to generate capital and dividend growth, and to provide a positive total return over the long term. Aberforth Partners specialises in managing investments in small UK quoted companies. The ZDP Shares are expected to offer fixed capital growth of 3.5 per cent. per annum to provide a final capital entitlement of 127.25 pence per ZDP Share on the planned winding up date of 1 July 2024. The Ordinary Shares are expected to provide investors with an attractive dividend yield with the prospect for income and capital growth, but owing to the structural gearing provided by the ZDP Shares they should be regarded as carrying above average risk.

### **Aberforth Partners**

Aberforth Partners was formed in 1990 and specialises in investing in small UK quoted companies. The Company will benefit from the expertise of the Investment Managers' six investment professionals who together have a total of over 160 years of investment management industry experience. The six investment professionals are all partners of Aberforth Partners and operate as a team. Responsibility for clients is shared and all investment decisions are taken on a collegiate basis. Aberforth Partners also provides company secretarial and other administrative services to the Company. As at the Latest Practicable Date, the Investment Managers had £2.6 billion of funds under management on behalf of a number of clients, including AGIT and Aberforth Smaller Companies Trust plc.

The Investment Managers have a long-term record of performance and have significant experience in managing split capital investment trusts. The Investment Managers have a successful track record in achieving attractive returns for all share classes in the split capital trusts which they have managed.

The table below illustrates the total return performance of each of AGIT and the NSCI (XIC) over the last seven years to 30 April in each year. The annualised total assets total return of AGIT from its launch to 30 April 2017 was 15.2 per cent.

### **Total return performance**

	2017	2016	2015	2014	2013	2012	2011
AGIT (Total Assets)	22.7%	3.0%	9.1%	31.6%	24.1%	3.0%	19.6%
NSCI (XIC)	22.0%	1.8%	6.0%	23.0%	24.3%	0.0%	22.0%

Source: Aberforth Partners/Numis/London Business School

The table below illustrates the annualised dividend growth rate achieved by AGIT over a range of time periods.

#### **Annualised rates of Dividend growth (excluding special dividends)**

	1 year	3 years	5 years	7 years
AGIT	22.2%	15.3%	11.4%	10.6%

Source: Aberforth Partners

AGIT has achieved a dividend growth rate of 10.6 per cent. per annum (on a compounded basis) over its seven year life. This compares favourably to the dividend growth rate (over the same period) from the NSCI, AGIT's investment opportunity base, of 9.2 per cent. per annum (on a compounded basis).

#### **Investment strategy and portfolio construction**

Aberforth Partners adheres to a value investment philosophy. While there can be extended periods when the value investment style is out of favour, there is compelling evidence that the value approach within small UK quoted companies has resulted in superior returns to those of the NSCI (XIC) as a whole over the long term.

In valuing businesses, the Investment Managers place emphasis on the ratio of total enterprise value (which is the market capitalisation of the small UK quoted company adjusted for the average debt or cash level of such company) to the earnings before interest, tax and amortisation which the company generates (in short, the EV/EBITA ratio). The Investment Managers also utilise other valuation metrics, recognising that flexibility is required when assessing businesses in different industries and that buyers of these businesses may include other corporates as well as stockmarket investors. As a result of the value investment approach, the average valuation metrics of the Company's holdings will usually be more modest than those of the NSCI (XIC), the investment universe.

The Investment Managers will select companies for the Company's portfolio on the basis of fundamental or "bottom-up" analysis. The "bottom-up" analysis includes the Investment Managers scrutinising prospective investee companies' financial statements and assessing their market positions within their sectors. An important part of the process is regular engagement with the board members and management of prospective and existing investments. In addition, a "top down" evaluation is also undertaken regularly.

Opportunities are often found in businesses where short-term trading, broad macro economic concerns or the vagaries of stockmarket sentiment have caused valuations to fall to levels at which the Investment Managers consider significant upside to be available. The closing of valuation gaps usually requires the passage of time but can be expedited by a change of strategy, a change of management or takeover.

In seeking to achieve the investment objective, the Investment Managers believe that the portfolio must be adequately differentiated from the NSCI (XIC), the investment universe. Therefore, within the diversification parameters described in the Company's investment policy, the Investment Managers will regularly review the level of differentiation, with the aim of achieving a meaningful active weight for each holding within the Company's portfolio. Holdings are expected to be sold when their valuations reach the targets determined by the Investment Managers.

#### **Investment outlook**

The Directors believe that the following three factors are supportive of the Company's investment outlook.

- *Current low ratings of small UK quoted companies are favourable*

Small UK quoted companies are at present attractively valued, particularly relative to larger companies. At 30 April 2017, the trailing price earnings ratio of small companies, represented by the NSCI (XIC), was 13.5x. This may be compared with 21.9x for the FTSE All-Share index, which is illustrative of large companies. The implied 38 per cent. price earnings discount of small companies to large companies is towards the widest since 2000 and demonstrates the attractive valuation of ASLIT's opportunity base. The valuation of large companies remains heavily influenced by the prospects of a handful of sectors, notably banks, miners, oil companies and pharmaceutical companies. An additional influence is the greater overseas exposure of large companies, which

should benefit their profitability in the wake of the fall in Sterling since the vote to leave the European Union on 23 June 2016. Despite small UK quoted companies having less overseas exposure, the current disparity in valuations between the NSCI (XIC) and the FTSE All-Share is substantial and so it is plausible that some of the risks associated with Brexit are already reflected in the share prices of small companies. Moreover the relationship between small size and low valuation extends into the NSCI (XIC) itself: the “smaller small” companies within the index are cheaper than the “larger small” companies, an unusual feature of the period since the global financial crisis and one that is reflected in the profiles of portfolios managed by Aberforth Partners.

- *The value investment style is currently well positioned*

The Board believes that the value investment style followed by the Investment Managers has generated total returns superior to those of the NSCI (XIC) as a whole over the long term. However, in the years since the global financial crisis, the value investment style has struggled. This reflects the tepid nature of the economic recovery, which has discouraged many equity investors from considering cyclical value stocks. Additionally, the very low bond yields that have followed quantitative easing have given many equity investors confidence to revalue significantly companies whose profits are weighted more to the future, which may be thought of as growth companies. The contrarian opportunity that emerges from these trends is that the value style may reassert itself following an unusually protracted period out of favour, which has resulted in very few small cap investment funds persevering with the approach. A catalyst for this may be the reflationary policies espoused with increasing frequency by politicians around the world, notably in the United States. A pick-up in nominal growth rates might be expected to challenge asset prices that have relied on low bond yields and to encourage a broader reappraisal of assets more sensitive to the economic cycle, such as those stocks presently favoured by the value investor.

- *Current encouraging background for dividends*

Reflecting in part the extensive dividend cuts made in 2009, dividend growth from small UK quoted companies has been strong since the global financial crisis and recession. For example, dividend growth from the start of 2010 to the end of 2016 was 8.1 per cent. per annum in real inflation-adjusted terms. This is higher than the average real growth rate of 2.5 per cent. per annum since 1955. While the recent rate of growth has been moderate, prospects for dividends from small UK quoted companies still appear favourable. Dividend cover for companies in the NSCI (XIC) at 30 April 2017 was 2.8x, which is higher than the long term average since 1990 of 2.6x and much higher than the FTSE All-Share's 1.3x. Another notable difference in the dividend profiles of small and large companies is income concentration: in 2016 the top five dividend payers accounted for 38 per cent. of the total UK stockmarket's dividends against just 9 per cent. for the NSCI (XIC). Small company dividend growth should also be supported by robust balance sheets and by a positive outlook for profit growth over the medium term. The income performance of a portfolio managed according to the value investment style may be boosted through the process of realising holdings in stocks whose yields have declined and reinvesting in higher yielding stocks. There is likely to be greater scope for this “yield roll” should the value investment style return to favour.

## **Capital structure and Share rights**

The Company will have two classes of shares in issue: the Ordinary Shares and the ZDP Shares. Following Admission the Ordinary Shares and the ZDP Shares will be listed on the premium and the standard segments respectively of the Official List and traded on the Main Market.

Ordinary Shares and ZDP Shares will be issued in a 4:1 ratio under the Issues. In order for the Proposals to be implemented, the aggregate minimum number of Ordinary Shares and ZDP Shares that is required to be subscribed or elected for under the Placing and Offer and the AGIT Scheme respectively is 80 million Ordinary Shares and 20 million ZDP Shares.

The principal characteristics of each class of Share are set out below. The statistics which are contained in the following paragraphs are illustrative and are not intended to act as forecasts of future growth and in no way guarantee returns on an investor's investment in either the Ordinary Shares or the ZDP Shares.

## The Ordinary Shares

### *General*

The Company's objective is to provide Ordinary Shareholders with a high level of income, together with the opportunity for income and capital growth. Ordinary Shareholders are entitled, on a winding up, to receive undistributed revenue reserves of the Company in priority to the capital entitlements of the ZDP Shareholders. Ordinary Shareholders are also entitled to the net assets of the Company after all liabilities of the Company have been settled and the entitlements of the ZDP Shares have been met.

### *Income*

The Company's policy is to distribute a significant proportion of its net revenue (after the payment of expenses and taxation) in the form of dividends paid in Sterling. As an investment trust the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income for such accounting period. Ordinary Shareholders are entitled to receive all such dividends.

The Directors intend that, on the basis of the Assumptions and in the absence of unforeseen circumstances, the Company will, in respect of the period from Admission to 30 June 2018, declare dividends totalling not less than 4 pence<sup>1</sup> per Ordinary Share. These dividends are expected to be paid in February 2018 and August 2018. Thereafter, dividends on the Ordinary Shares are expected to be paid half-yearly normally in February and August in respect of each financial year. On a winding up, Ordinary Shareholders will be entitled to receive any undistributed revenue reserves (which shall include current year revenue and accumulated revenue reserves) in priority to the entitlements of the ZDP Shareholders.

The level of dividend will be based on the yield of the Company's underlying portfolio. There are no assurances that such future dividends will be paid or that the Company will pay any dividends.

### *Structural gearing*

The Company's capital structure is such that the underlying value of assets attributable to the Ordinary Shares is geared by the rising capital entitlements of the ZDP Shares. The Ordinary Shares are therefore geared by the ZDP Shares. Accordingly, the Ordinary Shares should be regarded as carrying above average risk. The Ratio of Ordinary Shares to ZDP Shares on Admission will be 4:1.

### *Capital*

The Ordinary Shareholders are entitled to the net assets of the Company on a winding up, after all liabilities of the Company have been settled and the entitlements of the ZDP Shares have been met. On the basis of the Assumptions, it is expected that the capital value of the Company's portfolio would need to increase at a rate of 1.5 per cent. per annum over the Planned Life of the Company to return an amount equal to the Issue Price of 100 pence per Ordinary Share to the Ordinary Shareholders on the Planned Winding Up Date. On the basis of the Assumptions, the capital value of the Company's portfolio would need to fall at a rate of 17.0 per cent. or more per annum over the Planned Life of the Company for the holders of Ordinary Shares not to be entitled to any final capital entitlement on the Planned Winding Up Date.

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<sup>1</sup> This is not a profit forecast. There is no guarantee that any future dividends will be paid. The level of dividend will be based *inter alia* on the yield of the Company's underlying portfolio.

### *Illustrative returns*

On the basis of the Assumptions, the following table illustrates the terminal net asset value and the redemption yield for a holder of Ordinary Shares based on the Issue Price of an Ordinary Share of 100 pence for different rates of portfolio capital growth. These figures are illustrative only and are not intended to act as forecasts of future growth and are not guaranteed.

<i>Capital Growth (per annum)</i>	<i>Ordinary Share Redemption Yields Dividend Growth (per annum)</i>				<i>Terminal NAV</i>
	<i>0.0%</i>	<i>+2.5%</i>	<i>+5.0%</i>	<i>+7.5%</i>	
-17.0%	-24.5%	-22.9%	-21.4%	-19.9%	0.0p
-10.0%	-10.7%	-10.1%	-9.5%	-8.8%	24.7p
-7.5%	-7.2%	-6.7%	-6.1%	-5.5%	36.7p
-5.0%	-3.9%	-3.4%	-3.0%	-2.5%	50.9p
-2.5%	-0.8%	-0.4%	0.0%	0.4%	67.5p
0.0%	2.2%	2.6%	2.9%	3.3%	86.8p
+1.5%	4.0%	4.3%	4.6%	4.9%	100.0p
+2.5%	5.1%	5.4%	5.7%	6.0%	109.3p
+5.0%	8.0%	8.2%	8.5%	8.8%	135.3p
+7.5%	10.7%	10.9%	11.2%	11.4%	165.3p
+10.0%	13.4%	13.6%	13.9%	14.1%	199.8p

### *Voting*

Ordinary Shareholders are entitled to vote at general meetings of the Company. Each Ordinary Shareholder has one vote on a show of hands and, on a poll, one vote for every Ordinary Share held. The rights of Ordinary Shareholders to vote on certain resolutions on the winding up, reconstruction or reorganisation of the Company are subject to the restrictions set out in the Articles which are summarised in paragraph 3 of Part 6 of this document.

Full details of the rights attaching to the Ordinary Shares are set out in paragraph 3 of Part 6 of this document.

### ***The ZDP Shares***

#### *General*

The Company's objective is to provide ZDP Shareholders with a pre-determined level of capital return on the Planned Winding Up Date. The final capital entitlement of 127.25 pence per ZDP Share represents a Gross Redemption Yield of 3.5 per cent. per annum over the life of the ZDP Shares, based on the Issue Price of 100 pence per ZDP Share pursuant to the Issues. Under current legislation, any increase from the Issue Price to the final capital entitlement will generally be treated as a capital gain for tax purposes. For further information in relation to taxation, see Part 5 of this document.

#### *Income*

The holders of ZDP Shares are not entitled to receive dividend payments.

#### *The Cover of the ZDP Shares*

On the basis of the Assumptions, on Admission the ZDP Shares will have a Cover per ZDP Share of 3.37 times.

### *Illustrative returns*

The table below illustrates, based on the Assumptions, the final capital entitlement for ZDP Shareholders who retain their ZDP Shares from Admission until the Planned Winding Up Date, showing the potential effect of different rates of capital growth in the Company's portfolio. Prospective investors should note that, based on the Assumptions, the final capital entitlement would not be repaid in full on the Planned Winding Up Date if the rate of capital growth in the Company's portfolio was worse than -17.0 per cent. per annum over the period to the Planned Winding Up Date. The holders of ZDP Shares would not be entitled to any final capital entitlement if the rate of capital growth in the Company's portfolio was -57.2 per cent. or worse per annum over the period to the Planned Winding Up Date.

### Illustrative projected final capital entitlement and implied redemption yield

<i>Portfolio capital growth (compounded per annum)</i>	-57.2%	-17.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%
Final capital entitlement	0.00p	127.25p	127.25p	127.25p	127.25p	127.25p	127.25p
Implied Gross Redemption Yield based on the Issue Price	N/A	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

#### *Voting*

The holders of ZDP Shares will not normally be entitled to vote at general meetings of the Company. They will, however, have a right to vote in certain limited circumstances and their separate approval as a class will be required for certain proposals which would be likely to affect their position materially.

Full details of the rights attaching to the ZDP Shares are set out in paragraph 3 of Part 6 of this document.

#### **Duration of the Company**

The Company has a planned life lasting until 1 July 2024 and the Directors are required by the Articles to convene a general meeting of the Company on or within the three months prior to 1 July 2024, at which a special resolution will be proposed to wind up the Company voluntarily by not later than the Planned Winding Up Date. As these arrangements are designed to ensure that the ZDP Shareholders will be entitled to realise their investment, weighted voting provisions shall apply in respect of this resolution so as to ensure that this resolution will be passed if any Shareholder votes in favour. However, before this date, the Directors will examine means whereby holders of Ordinary Shares may effectively continue their investment in a tax efficient manner while allowing the ZDP Shareholders to realise their investment. The Directors may be released from the obligation to call a general meeting if a special resolution has been passed to that effect not later than 1 July 2024.

#### **Distributions out of the Company's capital reserves**

Although there is no current intention to make any distributions out of the Company's capital reserves, the Directors have the ability under the Articles to make distributions out of capital, including any special reserve arising out of the cancellation of any share premium account, to Ordinary Shareholders provided always that the Cover of the ZDP Shares (calculated as at the latest practicable date in accordance with the Articles) would not, immediately following such capital distribution, be less than 3.3 times.

#### **Purchase of Shares by the Company**

The Directors have authority to buy back up to 14.99 per cent. of each class of Shares in issue, following Admission and they will consider seeking renewal of this authority from Shareholders annually and at other times should this prove necessary. Any buy back of Shares will be made subject to the Act and within guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board. Such purchases will also only be made in accordance with the rules of the UK Listing Authority which provide that the price to be paid must not be more than the higher of (i) five per cent. above the average of the middle market quotations of that class of Share for the five Business Days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid for that class of Shares, nor less than the nominal value of the relevant Share.

The Company will require the sanction of a special resolution of the ZDP Shareholders passed at a separate meeting of such ZDP Shareholders to authorise the buy back of any Ordinary Shares where the Cover of the ZDP Shares (calculated as at the latest practicable date in accordance with the Articles) would, immediately following such buy back, be less than 3.3 times.

The Company will be permitted to hold Shares acquired by way of market purchase in treasury, rather than having to cancel them. Such Shares may be subsequently cancelled or sold for cash.

### **Share premium account**

The Company intends to cancel the amount standing to the credit of its share premium account following Admission and the reserve created on such cancellation will be available as distributable profits to be used for all purposes permitted by the Act and article 3(4) of The Companies (Reduction of Share Capital) Order 2008 including by way of dividend, from this reserve, to the Ordinary Shareholders and the buy back of Shares provided, in both cases, that the Cover of the ZDP Shares (calculated as at the latest practicable date in accordance with the Articles) does not fall below 3.3 times immediately following the distribution or the buy back from these reserves.

### **Further issues of Shares**

The Directors have authority to allot up to an aggregate of one third of the nominal value of the Ordinary Shares and one third of the nominal value of the ZDP Shares in issue following Admission, exercisable in the period up to the first annual general meeting of the Company. The provisions of the Act which would confer pre-emption rights have been disapplied in respect of the allotment or transfer out of treasury of Ordinary Shares with an aggregate nominal amount equal to 10 per cent. of the Ordinary Shares in issue following Admission and in respect of the allotment or transfer out of treasury of ZDP Shares with an aggregate nominal amount equal to 10 per cent. of the ZDP Shares in issue following Admission, in each case for the period up to the first annual general meeting of the Company. Any further issues of Shares will be made in accordance with the Listing Rules and the Prospectus Rules.

The Board intends that, unless authorised by Ordinary Shareholders, it will only exercise its power to allot and issue Ordinary Shares and/or ZDP Shares where such Shares are trading at a premium to their respective most recently calculated Net Asset Value per Share without first offering such Shares on a *pro rata* basis to Shareholders of the relevant class of Share.

The Company will require the sanction of a special resolution of the ZDP Shareholders passed at a separate meeting of such ZDP Shareholders to authorise: (i) the issue of any shares ranking as to capital in priority to the ZDP Shares; or (ii) the issue of any shares ranking as to capital *pari passu* with the ZDP Shares save where the Cover of the ZDP Shares (calculated as at the latest practicable date in accordance with the Articles and adjusted to take into account the change in the issued share capital) does not reduce below 3.3 times immediately following the *pari passu* issue. The amount and timing of any allotment and issue of new Shares will be at the absolute discretion of the Board (save that the Board will operate within the powers conferred by, and the restrictions contained in, the Act and the Articles).

## PART 2

### DIRECTORS, AIFM, INVESTMENT MANAGEMENT AND ADMINISTRATION OF THE COMPANY

#### The Directors

The Directors, all of whom are non-executive and independent of the Investment Managers, are responsible for the determination of the investment policy and the overall supervision of the Company. The Directors are as follows.

**Jonathan Cartwright (Chairman)** – Mr Cartwright, a chartered accountant, is the former finance director of Caledonia Investments plc having retired in 2009. He joined Caledonia Investments plc, now one of the UK's largest investment trusts, in 1989 having previously held the role of financial controller at Hanson plc and qualifying as a chartered accountant with KPMG. He is a non-executive director of Tennants Consolidated Limited, The Income & Growth VCT plc and Chairman of Blackrock Income & Growth Investment Trust plc. He is currently a director of AGIT.

**Graeme Bissett (Chairman of the Audit Committee)** – Mr Bissett is a chartered accountant and was a senior partner of Arthur Andersen LLP, with responsibility for its corporate finance and audit practices in Scotland from 1990 to 1998. He is currently non-executive chairman of Macfarlane Group Plc, having joined the board of directors of that company in May 2004 as a non-executive director and is chairman of the nominations committee and a member of the remuneration committee. Graeme is a non-executive director with Smart Metering Systems plc. He chairs the audit committee and is a member of the nominations and remuneration committees. Graeme has previously served as finance director of international groups and his other current board appointments comprise Cruden Holdings Ltd, Curo Compensation Ltd, The Scottish Futures Trust Ltd and Anderson Strathern LLP. He is a Member of Court at the University of Glasgow, an independent non-executive member of the Joint Management Board of the Scotland Office, a department of the U.K. Government, and a trustee of the Scottish Association of Citizens Advice Bureau.

**Dominic Fisher OBE** – Mr Fisher is the founder of Thistledown Investment Management Ltd and has worked as an investment manager since 1989. From 1992 to 2001 he worked for Mercury Asset Management (subsequently Merrill Lynch Investment Managers), heading the charities division responsible for management of £2.4 billion of funds and was a member of the smaller companies team. He is currently a director of AGIT.

**Angus Gordon Lennox** – Mr Gordon Lennox has an extensive knowledge of the investment industry with 23 years at Cazenove, latterly J.P. Morgan Cazenove, where he was a managing director of J.P. Morgan Cazenove and Head of the Investment Companies Department. He held this position until 2010 when he retired. Angus is also the executive chairman of two family businesses and a non-executive director of The Mercantile Investment Trust plc and Securities Trust of Scotland plc.

**Graham Menzies** – Mr Menzies was group chief executive of Adwest Automotive plc until 1999 and group chief executive of Senior plc until 2008. He has been a non executive director on several industrial company boards, including five public companies and four private companies. He is currently a director of AGIT.

Further details of the Directors are set out in paragraph 4 in Part 6 of this document.

#### AIFM, investment management and administration arrangements

Aberforth Partners has been appointed as the Company's AIFM in accordance with the AIFM Directive. Aberforth Partners was formed in 1990 and specialises in investing in small UK quoted companies. The Company's investment team consists of six investment professionals who together have over 160 years of investment management industry experience. The six investment professionals are all partners of Aberforth Partners and operate as a team. Responsibility for clients of Aberforth Partners is shared and all investment decisions are taken on a collegiate basis. The Investment Managers' interests are aligned with those of its clients through significant holdings in funds that they manage. As at the Latest Practicable Date, the Investment Managers had £2.6 billion of funds under management on behalf of a number of clients, including AGIT and ASCOT.

Under the Investment Management Agreement and for the purposes of the AIFM Directive, Aberforth Partners will, *inter alia*, manage the investments and other assets of the Company with the sole responsibility for the portfolio management and risk management of the Company in each case in accordance with the Company's investment policy and subject to the overall supervision of the Directors. Aberforth Partners will also provide administration and company secretarial services to the Company.

These services can be terminated by either party at any time by giving six months' notice of termination. Aberforth Partners will receive the annual Investment Management Fee (exclusive of VAT which will be added where applicable) equal to 0.75 per cent. of the Company's Total Assets.

This Investment Management Fee is payable quarterly in advance and will be charged 70 per cent. to the capital account and 30 per cent. to the revenue account. The Board will consider the Company's investment management, secretarial and administration arrangements on an ongoing basis and a formal review will be conducted annually.

Further details of the Investment Management Agreement (including the fees payable thereunder) are set out in paragraph 6.1 of Part 6 of this document.

### **Depository and custody arrangements**

National Westminster Bank plc has been appointed as the Company's depository. The Depository Agreement which has been entered into among the Company, Aberforth Partners and the Depository provides *inter alia* that the Depository will carry out the core duties under article 21 of the AIFM Directive which includes cash management, safe keeping of assets and general oversight of the Company's portfolio. The Depository will receive a safe keeping fee and variable transaction fees depending on the nature of the securities and the transactions involved. Any party can terminate the Depository Agreement by giving not less than six months' prior written notice to the other parties.

The Depository has delegated the safe keeping functions to the Custodian, The Northern Trust Company. Pursuant to the terms of the Custody Agreement between the Depository and the Custodian, the Custodian will hold, or will arrange for sub-custodians to hold, all of the cash, securities and other assets of the Company and it will arrange and settle (directly or through sub-custodians) all transactions relating to those securities as agent for the Company.

Further details of the Depository Agreement are set out in paragraph 6.4 of Part 6 of this document.

### **Annual operating expenses**

In addition to the Investment Management Fee, the Company will incur annual expenses in the operation of its business. These expenses include, without limitation, audit fees, Directors' fees, registrars' fees, depository and custodian fees, regulatory fees, directors' insurance premiums and printing costs. It is estimated that, on the basis of the Assumptions, these fees and expenses will be approximately £375,000 (including irrecoverable VAT) for the Company's first accounting period to 30 June 2018.

### **Accounting policies**

The accounting policies of the Company have been determined by the Board after considering all material factors and, in particular, the possibility for conflicts of interests to arise between the Ordinary Shareholders and the ZDP Shareholders. The financial statements of the Company will be prepared in compliance with UK GAAP presented, in Sterling, under FRS 102 and in accordance with the AIC's Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" (SORP) issued in 2014 and updated in January 2017.

One of the key accounting policies is that investment management fees (and any costs (including interest payments) relating to short-term overdraft or working capital facilities which may be put in place) are charged 70 per cent. to the capital account and 30 per cent. to the revenue account. The Company's other annual operating expenses are charged 100 per cent. to the revenue account.

The Board reserves the right to alter the Company's accounting policies during the life of the Company. The Board intends only to make changes to the Company's accounting policies once it has considered the interests of both the Ordinary Shareholders and the ZDP Shareholders. However, in some circumstances, the Board realises that the interests of the Ordinary Shareholders and the ZDP Shareholders may conflict. In certain situations, which cannot be determined at the date of this document,

circumstances may arise where the Board may find it impossible to meet fully the expectations of the Ordinary Shareholders and the ZDP Shareholders when considering amendments to the Company's accounting policies. In such circumstances the Board recognises that it must act in such a way as it considers to be fair, reasonable and equitable to both classes of Shareholder (whilst still having regard to the entitlements of each class of Shares under the Articles).

### **Corporate governance**

The Chairman and each of the other Directors are independent of Aberforth Partners. Jonathan Cartwright and Dominic Fisher have each been a non-executive director of AGIT from 30 March 2010 and Graham Menzies has been a non-executive director of AGIT from 15 October 2010. AGIT will enter into liquidation on 30 June 2017 ahead of Admission. Each member of the Board is non-executive.

As the Company's Ordinary Shares are to be listed on the premium segment of the Official List, the Company will be required to comply with all the relevant provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in April 2016 (the "Code") or to explain any non-compliance in the Company's annual reports and accounts. The Board has taken appropriate steps to ensure that the Company has in place arrangements which it considers appropriate for an investment trust to ensure proper corporate governance. It is the intention of the Directors that the Company will comply with the AIC Code and also with the relevant parts of the Code in all material respects except as disclosed below.

The Code includes provisions relating to the role of the chief executive, executive directors' remuneration and the need for an internal audit function. For the reasons set out in the AIC Code and in the preamble to the Code, the Board considers that these provisions are not relevant to the Company, being an externally managed investment company. The Board has also decided not to nominate a Deputy Chairman or a Senior Independent Director, although Graeme Bissett, as Chairman of the Audit Committee, will fulfil this role when necessary, for example, in taking the lead in the annual evaluation of the Chairman.

#### *Board*

The Board will review regularly the independence of its members having due regard to the prevailing guidelines on independence issued by the AIC. The Board currently considers all Directors to be independent of the Investment Managers. The Board does not consider the length of time served by a Director is as important as his contribution to the running of the Company or that it necessarily impairs independence. Directors do not serve on the Board for a specified period of time although the Board will be guided by the recommended principles within the Code and the AIC Code. Each Director will be subject to the election/re-election provisions in the Articles which provide that a Director appointed during the year is required to retire and seek election by Shareholders at the annual general meeting following their appointment. More generally Directors are also required to submit themselves for annual re-election.

The Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance, that of its committees and those of individual Directors. In order to review its effectiveness, the policy of the Board will be to undertake a process of formal self-appraisal, in which the Directors consider how the Board functions as a whole and also review the individual performance of its members. This process of review will be led by the Chairman and will encompass qualitative and quantitative measures of performance which are determined in advance in line with prevailing good market practice.

#### *Audit Committee*

The Board has established an audit committee comprising Graeme Bissett, Dominic Fisher and Angus Gordon Lennox. The terms of reference of the Audit Committee require that it meets at least three times per year. It is the policy of the Board to review these terms of reference annually. They will be available from the Company Secretaries on request. Graeme Bissett is the chairman of the Audit Committee.

The Audit Committee will review the Company's annual and half-yearly financial statements, the accounting policies applied therein and ensure compliance with financial and regulatory reporting requirements. It will also review the scope and results of the audit, the effectiveness of the audit process and the Company's internal financial controls. The Audit Committee is also responsible for reviewing and monitoring the external auditors' independence and objectivity, with particular regard to the provisions of non-audit services taking into account relevant UK professional and regulatory requirements.

### *Nominations Committee*

The Board as a whole will consider the appointment of new Directors. As a result, the Board does not consider that a separate nominations committee is required and none has been constituted.

### *Management Engagement Committee*

The Board as a whole will consider the terms of the Investment Management Agreement annually including the level of service and the basis of fees payable to the Investment Managers. As a result, the Board does not consider that a separate management engagement committee is required and none has been constituted.

### *Remuneration Committee*

The Board as a whole reviews and sets the rates of remuneration payable to each Director. As a result, the Board does not consider that a separate remuneration committee is required and none has been constituted.

## **Conflicts of interest**

### *Investment Managers' conflicts of interest*

Aberforth Partners, its officers and employees may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Investment Managers may provide investment management services, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company.

The Investment Managers will have regard to their obligations under the Investment Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to their obligations to other clients or funds, should potential conflicts of interest arise. Having regard to these obligations, the Company may buy investments from or sell investments to other clients of the Investment Managers only on an arm's length basis. In particular, the Investment Managers will use reasonable efforts to ensure that the Company has the opportunity to participate in potential investments identified by the Investment Managers that fall within the Company's investment objective and policy on the best terms reasonably obtainable at the relevant time having regard to the interests of the Company. In so doing, the Investment Managers will take into consideration the appropriateness of investments for inclusion in the Company's portfolio, the level of uninvested cash held by the Company and the size of investments available.

### *Structural conflicts of interest*

The different rights and expectations of the holders of Ordinary Shares and the holders of ZDP Shares may give rise to conflicts of interest between them.

Ordinary Shareholders are expected to be interested in both the revenue produced by the Company's portfolio (as this is closely linked to the amount of any dividend the Ordinary Shareholders may receive) and increases in the capital value of the Company's portfolio.

ZDP Shareholders are expected to have little or no interest in the revenue produced by the Company's portfolio save to the extent that the Company's operating costs exceed that revenue. The ZDP Shareholders are instead expected to have an interest in the capital value of the Company's portfolio being sufficient to repay the final capital entitlement on the ZDP Shares at the Planned Winding Up Date, but can be expected to have little or no interest in any growth in capital in excess of that pre-determined amount.

Whilst the Company's investment objective and policy (as set out in Part 1 of this document) seek to strike a balance between the interests of the Ordinary Shareholders in maximising capital growth and dividends and the interests of the ZDP Shareholders in meeting their pre-determined final capital entitlement with an appropriate level of risk, there can be no guarantee that such a balance will be achieved and maintained during the Planned Life of the Company.

Given that the Ordinary Shareholders are entitled to the net revenue profits (including any accumulated but undistributed revenue reserves) up to and including the Planned Winding Up Date, the Company

may continue to pay dividends (out of the Company's net revenue profits) in circumstances where the final capital entitlement of 127.25 pence per ZDP Share may not, or cannot, be met.

In circumstances where there is a major fall in the capital value of the Company's portfolio such that the final capital entitlement of the ZDP Shares is not likely to be paid at the Planned Winding Up Date but where the portfolio is still generating revenue, there may be a material conflict of interest between the interests of the Ordinary Shareholders and those of the ZDP Shareholders. In such circumstances, the Directors expect that the Ordinary Shareholders may recognise that they have little prospect of receiving a sizeable capital return on the Ordinary Shares held by them and so may wish the portfolio to be re-balanced in favour of high yielding investments (rather than investments providing capital returns) in the lead up to the Planned Winding Up Date. At the same time, the Directors expect that the ZDP Shareholders may wish the portfolio to be re-balanced with a focus on investments providing higher rates of capital growth (rather than a higher income return). The Directors may find it impossible to meet fully the expectations of both the Ordinary Shareholders and the ZDP Shareholders in such circumstances and recognise that they may have to act in a manner which they consider to be fair, reasonable and equitable to both classes of Shareholder having regard to the entitlements of each class of Shares under the Articles.

If there is a material fall in the value of the Company's portfolio, the Company may find itself in a position where it will, in normal market conditions, be unable to repay the full final capital entitlement on each ZDP Share to the ZDP Shareholders at the Planned Winding Up Date but be able to continue to pay dividends to the Ordinary Shareholders. If the Company retains revenue (by reducing or not paying any dividends on the Ordinary Shares for any particular accounting period) it may, in any accounting period where it retains more than 15 per cent. of its income, forfeit its status as an investment trust. Forfeiting investment trust status or investment company status may adversely affect the Company's ability to pay dividends in future accounting periods and may, in certain circumstances, cause the Company to be liable for a charge to corporation tax on chargeable gains on certain of its assets. The Directors reserve the right to forfeit investment trust and/or investment company status where they believe it is in the best interests of the Company as a whole and both classes of Shareholder to do so. The Directors will have regard to the provisions of the Articles (as well as their general duties under the Act and the Listing Rules) when considering such a course of action.

### **Reports to Shareholders and Net Asset Values**

The annual report and accounts of the Company will be made up to 30 June in each year. Copies of the annual report and accounts are expected to be sent to Shareholders in late July/early August each year. The Company's first annual report and accounts will be made up for the period from the Company's incorporation to 30 June 2018 and copies of that annual report and accounts are expected to be sent to Shareholders in July/August 2018. Shareholders will also receive an unaudited half yearly report covering the first six months of each financial year of the Company.

It is intended that the annual general meeting of the Company will be held in October of each year with the first annual general meeting being held in October 2018.

The Net Asset Value of an Ordinary Share and of a ZDP Share will be calculated by the Investment Managers in accordance with the Company's and the AIFM's accounting policies and published daily through a Regulatory Information Service. A factsheet will also be available from the Investment Managers on a monthly basis from its website, [www.aberforth.co.uk](http://www.aberforth.co.uk), and on request from the Company Secretaries.

The Net Asset Value will not be calculated (or may be delayed in publication) in circumstances where, for example, the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations (or any delay in publication as the case may be) will be announced through a Regulatory Information Service.

### **Taxation**

The Directors intend to seek HM Revenue & Customs' approval for the Company as an investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010 and Part 2, Chapter 1 of the Investment Trust (Approved Company) (Tax) Regulations 2011.

The Directors intend to conduct the affairs of the Company in such a manner so as to satisfy the requirements to be met by an approved investment trust under section 1158 of the Corporation Tax Act 2010 and Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011 on an ongoing basis.

As an approved investment trust the Company will be exempt from UK taxation on any capital gains for each accounting period on an ongoing basis, other than to the extent that the Company commits a serious breach of one of the requirements. The Company will, however, remain liable to UK corporation tax on its income (excluding, in general, dividend income) in the normal way.

A guide to the general UK taxation position as at the date of this document is set out in Part 5 of this document. If you are in any doubt as to your taxation position, or are subject to taxation in a jurisdiction other than the UK, you should consult a professional adviser without delay.

## PART 3

### ASSUMPTIONS

Save as otherwise stated, any statistics contained in this document relating to the Shares have been calculated and are based or calculated on the following principal bases and Assumptions:

1. The AGIT Rollover Portfolio is valued at £166.57 million and the Net Issue Proceeds pursuant to the Placing and Offer are equal to £30.88 million.
2. The Company's fixed costs in relation to the Proposals are £0.73 million. In addition the Company will pay commission on the Issues of £0.83 million and stamp duty of £0.99 million on the transfer of portfolio stocks from AGIT. 160 million Ordinary Shares are issued at 100 pence and 40 million ZDP Shares are issued at 100 pence each.
3. The pre-determined capital entitlement of the ZDP Shares on the Planned Winding Up Date is 127.25 pence per ZDP Share. The capital accrual of a ZDP Share is 3.5 per cent. per annum compounded from 30 June 2017 (with the first increment being applied on 1 July 2017) up to and including the Planned Winding Up Date and will be charged 100 per cent. to the capital account.
4. The Effective Date is 30 June 2017 and Admission will occur on 3 July 2017. The Company has a fixed life until 1 July 2024.
5. For illustrative purposes, the first interim dividend, payable in each February, will be 30 per cent. of the total for each year.
6. For illustrative purposes, dividends in respect of the period to 30 June 2018 will total 4 pence per Ordinary Share and the Company's portfolio will have a yield of 4 per cent. based on the value of the portfolio at Admission.
7. The Company does not issue any new Shares (other than those in respect of the Issues) nor does it repurchase Shares during its life.
8. The annual Investment Management Fee payable by the Company to the Investment Managers is 0.75 per cent. of the Company's Total Assets. The Investment Management Fee is charged 70 per cent. to the capital account and 30 per cent. to the revenue account. In addition to the Investment Management Fee, the Company is expected to incur ongoing fees, costs and expenses of approximately £375,000 per annum and these are charged 100 per cent. to the revenue account.
9. The Company will conduct its affairs so that it satisfies the conditions for approval as an investment trust set out in Section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 on an ongoing basis and the Company will, as a consequence of such status, be exempt from any charge to corporation tax on any realised gains arising through the sale of investments.
10. There are no changes in any relevant taxation law and practice.
11. There are no changes to generally accepted accounting practices relevant to the Company.
12. The rights attaching to the Shares set out in the Articles are not altered.
13. No provision is made for any taxation charges suffered by the Company and there is no diminution in the value of the Company's assets as a result of the winding up of the Company.
14. The costs incurred by the Company in connection with, or as a result of, the winding up of the Company on 1 July 2024 do not exceed £0.5 million and are charged 100 per cent. to the capital account.
15. The accounting reference date of the Company is 30 June.
16. Hurdle rates and portfolio capital growth rates refer to the rate of capital growth per annum (prior to the Investment Management Fee) in the Company's investment portfolio, from 1 July 2017 to 1 July 2024, and are stated to one decimal place with 0.05 rounded up.

## PART 4

### DETAILS OF THE AGIT SCHEME, THE PLACING AND THE OFFER

#### Further details of the Issues

##### *Introduction*

The Company is proposing to issue Ordinary Shares and ZDP Shares to existing AGIT Shareholders pursuant to the AGIT Scheme and to new investors (as well as AGIT Shareholders) pursuant to the Placing and Offer for Subscription. The Issues are conditional upon, *inter alia*, the AGIT Shareholders approving the Scheme and applications and Elections under the Issues being received in respect of, at least, the Minimum Share Subscription Amount. Pursuant to the Issues, the Issue Price of the Ordinary Shares and the ZDP Shares is 100 pence per Share. The Issues are not being underwritten.

##### *Reasons for the Issues and use of proceeds*

If the Proposals are implemented, the Company will, subject to scaling back, issue Ordinary Shares and ZDP Shares to those AGIT Shareholders who elect (or who are deemed to elect) for the Rollover Option in accordance with the terms of the AGIT Scheme. In exchange for such issue of Shares, AGIT will transfer the AGIT Rollover Portfolio to the Company. The Company is also proposing to issue Ordinary Shares and ZDP Shares under the Placing and Offer for Subscription in order to finance its intended acquisition of all or part of the Remaining AGIT Portfolio. The Company has agreed, in principle, to acquire, for cash, such part of the Remaining AGIT Portfolio as has a value which is equal to the Net Issue Proceeds (when taken together with certain costs and expenses of the Proposals payable by the Company).

In the event that the applications for Shares under the Placing and Offer would result in the net proceeds of the Placing and Offer being greater than that required to acquire all of the Remaining AGIT Portfolio (when taken together with certain costs and expenses of the Proposals payable by the Company), applications will be scaled back accordingly (on the basis set out below) such that the Net Issue Proceeds equal the value of the Remaining AGIT Portfolio. In addition the total number of Ordinary Shares and ZDP Shares issued pursuant to the Proposals shall be in the ratio 4:1.

The reason for the Issues is therefore to enable the Company to act as a rollover option for the existing shareholders in AGIT and to acquire the AGIT Rollover Portfolio and all or part of the Remaining AGIT Portfolio. The assets within each of these portfolios that are to be transferred to the Company will principally comprise investments in small UK quoted companies as well as cash and other assets which are in accordance with the Company's investment policy. The value of the Remaining AGIT Portfolio will be calculated using the bid prices of the securities held by the Company as at the Calculation Date. From its launch therefore, the Company will be substantially invested without the Company having to incur significant dealing costs or suffering a delay in the proceeds of the Issues being invested.

The Company is not seeking to raise new capital under the Placing and Offer for Subscription in excess of the amount which is required to purchase the entire Remaining AGIT Portfolio when taken together with certain costs and expenses of the Proposals payable by the Company.

##### *Profile of typical investor*

The Directors believe that the profile of a typical investor in the Ordinary Shares is an institution or professionally advised individual who is seeking an attractive level of income with the potential to obtain growth in both income and capital over the Planned Life of the Company. The Directors believe that the profile of a typical investor in the ZDP Shares is an institution or professionally advised individual who wishes to receive a final capital entitlement on the Planned Winding Up Date.

#### Further details of the AGIT Scheme

##### *Background to the AGIT Scheme*

AGIT is required under its articles of association to propose a winding up resolution on or within 3 months prior to 30 June 2017. The AGIT Directors are therefore recommending that AGIT be wound up voluntarily and a scheme of reconstruction under section 110 of the Insolvency Act 1986 be implemented. Under

the terms of the AGIT Scheme, AGIT Shareholders may elect for the options set out in the paragraph below.

#### *AGIT Shareholders' entitlements under the AGIT Scheme*

AGIT Shareholders can make different Elections in respect of different AGIT Shares which they hold. Overseas AGIT Shareholders will, if the Proposals become effective, receive cash in respect of their holdings.

- **AGIT Ordinary Shareholders**

AGIT Ordinary Shareholders may elect to:

- (i) rollover some or all of their investment in AGIT into Ordinary Shares in ASLIT at 100 pence per Ordinary Share (the "**Ordinary Rollover Option**"); and/or
- (ii) receive cash in respect of some or all of their investment in AGIT (the "**Ordinary Cash Option**").

AGIT Ordinary Shareholders (other than Overseas AGIT Shareholders) who do not make a valid Election under the AGIT Scheme will be deemed to have elected for Ordinary Shares in ASLIT.

- **ZDP Shareholders**

AGIT ZDP Shareholders may elect to:

- (i) rollover some or all of their investment in AGIT into ZDP Shares in ASLIT at 100 pence per ZDP Share (the "**ZDP Rollover Zero Option**"); and/or
- (ii) rollover some or all of their investment in AGIT into Ordinary Shares in ASLIT at 100 pence per Ordinary Share (the "**ZDP Rollover Ordinary Option**"); and/or
- (iii) receive cash in respect of some or all of their investment in AGIT (the "**ZDP Cash Option**").

AGIT ZDP Shareholders who do not make a valid Election under the AGIT Scheme will be deemed to have elected for the ZDP Cash Option.

AGIT ZDP Shareholders will have the option to request (by completing the relevant boxes on their Form of Election) that, if they are scaled back in respect of any part of their election for Shares (such scaled back elections being the **Scaled Back ZDP Election**) they receive Ordinary Shares and ZDP Shares in respect of the Scaled Back ZDP Election in the Ratio subject to ASLIT not being larger than AGIT.

In exchange for the Company issuing its Shares to AGIT Shareholders who elect (or are deemed to elect) for the Rollover Options pursuant to the AGIT Scheme, the Company will receive the AGIT Rollover Portfolio.

#### **The Placing and Offer for Subscription**

The Company is proposing to issue up to 600 million Ordinary Shares (less such number of Ordinary Shares as are issued under the AGIT Scheme) and up to 150 million ZDP Shares (less such number of ZDP Shares as are issued under the AGIT Scheme) under the Placing and Offer for Subscription to finance the acquisition of all or part of the Remaining AGIT Portfolio. Pursuant to the Placing and Offer, the Issue Price of the Ordinary Shares and the ZDP Shares is 100 pence per Share.

No commissions will be paid by the Company to any applicants under the Issues.

#### *The Placing*

J.P. Morgan Cazenove is acting as sponsor and broker in relation to the Placing. J.P. Morgan Cazenove, Aberforth Partners and the Company have entered into the Placing Agreement. The Company and the Investment Managers have also engaged Kepler Partners to act as the Company's placing agent pursuant to the terms of Kepler Partners' engagement letter dated 10 May 2017.

Pursuant to the terms of the Placing Agreement and Kepler Partners' engagement letter, JPMC and Kepler Partners respectively have agreed to use reasonable endeavours to procure subscribers for

Ordinary Shares and ZDP Shares under the Placing, in each case at the Issue Price. Further details of the Placing Agreement and Kepler Partners' engagement letter with the Company are set out in paragraphs 6.2 and 6.3 of Part 6 of this document.

#### *The Offer for Subscription*

The Directors are proposing to offer Ordinary Shares and ZDP Shares under the Offer for Subscription. The Offer for Subscription is being made in the UK, the Channel Islands and the Isle of Man. The public generally (unless they are located or resident outside the UK, the Channel Islands and the Isle of Man) may apply for Ordinary Shares and ZDP Shares through the Offer.

Applicants under the Offer must specify a fixed sum in Sterling, being the aggregate subscription price for the Ordinary Shares and the ZDP Shares for which they wish to apply at the Issue Price. The aggregate subscription price is payable in full on application. Individual applications must be for a minimum subscription of £1,000 and applications in excess of that amount should be made in multiples of £100.

The procedure for, and the terms and conditions of, application under the Offer for Subscription are set out on pages 87 to 92 of this document and an Application Form for use under the Offer for Subscription is set out at the end of this document.

Completed Application Forms and the accompanying payment in relation to the Offer for Subscription must be posted or delivered by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by 1.00 p.m. on 19 June 2017.

#### **Scaling back**

The Board shall have discretion (after consultation with the Investment Managers and JPMC) to scale back Elections and/or applications under the Issues to ensure that the Company: (i) will not be larger than AGIT; and (ii) will have a ratio of Ordinary Shares to ZDP Shares of 4:1. In exercising its discretion, the Board intends to seek to ensure a fair allocation between AGIT Shareholders who elect for the Rollover Options and in allocating Ordinary Shares give preference, so far as is practicable, to those existing AGIT Ordinary Shareholders who have elected (or are deemed to elect) for the Ordinary Rollover Option and, in allocating ZDP Shares, the Board intends to give preference, so far as is practicable, to those investors who have subscribed for or rolled into Ordinary Shares.

The results of the Issues (including any scaling back) will be announced through a Regulatory Information Service on 29 June 2017.

#### **Conditions of the Issues**

The Issues are conditional upon:

- the passing of the resolutions to approve the AGIT Scheme at the general meetings of AGIT Shareholders and the AGIT Scheme becoming unconditional;
- the Admission Condition being satisfied by 30 June 2017 (and Admission occurring on 3 July 2017 or such later date not being later than 31 July 2017 as the Company, J.P. Morgan Cazenove and the Investment Managers may agree);
- the Minimum Share Subscription Amount being received by the Company pursuant to the Scheme and/or the Placing and Offer;
- the conditions precedent to the Placing Agreement being satisfied (further details of which are set out in paragraph 6.2 of Part 6 of this document); and
- neither the AGIT Directors nor the Directors resolving to abandon the AGIT Scheme or the Proposals.

The AGIT Scheme is conditional upon:

- the passing of the resolutions to approve the AGIT Scheme at the general meetings of AGIT Shareholders (and any conditions to such resolutions being satisfied);

- the UK Listing Authority amending the listing of the AGIT Shares to reflect their reclassification for the purposes of the AGIT Scheme;
- the satisfaction of the Admission Condition and the Minimum Share Subscription amount being received by the Company pursuant to the Scheme and/or the Placing and Offer; and
- the AGIT Directors not having resolved to abandon the Scheme or exercised their right, not to proceed with the Scheme in the light of AGIT Shareholders validly exercising their rights to dissent under section 111(2) of the Insolvency Act 1986 in respect of more than 5 per cent. of the issued Ordinary Shares.

If these conditions are not satisfied by 30 June 2017 or if the Placing Agreement is terminated prior to Admission, no part of the Proposals will become effective and no Shares will be issued.

### **Listing and dealing**

It is expected that the Shares will be admitted to the Official List and to trading on the Main Market on 3 July 2017. No dealings will commence before this date.

Shares issued pursuant to the Issue will be in registered form and may be held either in certificated form or settled through CREST. It is expected that definitive certificates in respect of the Shares will be despatched by post in the week commencing 10 July 2017 or as soon as practicable thereafter.

Temporary documents of title will not be issued. Pending despatch of certificates in respect of the Shares, transfers will be certified against the register. Dealings in the Shares are expected to commence on 3 July 2017. The Issue cannot be revoked after dealings in the Shares have commenced.

When admitted to trading, the Ordinary Shares will be registered with ISIN number GB00BYPBD394 and SEDOL number BYPBD39 and the ZDP Shares will be registered with ISIN number GB00BYPBD519 and SEDOL number BYPBD51.

### **Costs of the Issues**

The costs and expenses of the Issues on the basis of the Assumptions (including the costs involved with the publication of this document, placing commissions and stamp duty) that are to be incurred by the Company are expected to be approximately £2.6 million.

### **ISAs**

Any person wishing to apply for Shares under the Offer through any ISA or savings plan should contact their ISA or savings plan manager as soon as possible.

The Shares will be a qualifying investment for an ISA, provided they are acquired by an ISA plan manager pursuant to the Offer. Shares issued pursuant to the Placing are not eligible for inclusion in an ISA. Shares acquired through the AGIT Scheme will be a qualifying investment for an ISA, provided the AGIT Shares in respect of which the entitlements to such shares arose were held within an ISA. Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Shares through an ISA is restricted to certain UK resident individuals aged 18 or over and subject to applicable annual subscription limits (£20,000 for the 2017-2018 tax year).

Shares in investment trusts, such as the Company, only qualify for an ISA where the investments of the investment trust themselves continue to meet certain tests laid down by law. The intention of the Directors is to manage the Company in a way which will allow the Shares to qualify as ISA investments.

### **SIPPs and SSASs**

The Shares will constitute permitted investments for SIPPs and for SSASs. Potential investors wishing to include Shares in SIPPs or SSASs should seek independent confirmation of their eligibility from their professional tax or financial advisers after taking into account the rules of their schemes.

## PART 5

### TAXATION

The information contained in this document relating to taxation is a summary of the taxation matters which the Directors consider should be brought to the attention of potential investors. The following statements are intended as a general guide only and do not constitute legal or tax advice to any Shareholder or prospective Shareholder. They are based upon United Kingdom legislation and HMRC's practice currently in force, and relate only to the position of Shareholders who are beneficial owners of their Shares. They may not relate to certain categories of Shareholders, such as dealers in securities. Potential investors should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling Shares in the Company.

#### **1. The Company**

It is the intention of the Directors to apply to HM Revenue & Customs for the Company to be approved as an investment trust under sections 1158 and 1159 of the Corporation Tax Act 2010 and Chapter 1 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011 with effect from the commencement of its first accounting period. As an approved investment trust, the Company will have investment trust status in respect of each of its accounting periods, and will be exempt from United Kingdom taxation on its capital gains in respect of each period, other than to the extent that it commits a serious breach of one of the requirements to be met while approved as an investment trust. The Directors intend to conduct the affairs of the Company so as to satisfy the requirements for approved investment trusts on an ongoing basis. In order to maintain its investment trust status, the Company must not, *inter alia*, be a close company at any time in an accounting period. The Directors do not anticipate that the Company will be a close company.

The Company will be liable to UK corporation tax on its income profits in the normal way, with dividend income, in general, being exempt from corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates, but double taxation relief may be available on overseas income other than dividend income.

#### **2. Shareholders**

##### **2.1. Taxation of capital gains**

Individual shareholders resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, UK corporation tax on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Shares. A disposal by an individual Shareholder, resident in the UK for taxation purposes, will be subject to capital gains tax at a rate of 20 per cent. where the individual who pays income tax at the higher or additional rates of tax; otherwise a tax rate of 10 per cent. applies. An individual may be able to claim certain reliefs (including the annual exemption which is set at £11,300 for the financial year 2017/2018). Shareholders which are corporations resident in the UK will benefit from an indexation allowance which, in general terms, increases the tax base cost of an asset in accordance with changes in the Retail Prices Index. Indexation allowance may not create or increase an allowable loss.

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK capital gains tax arising from the sale or other disposal of their Shares unless (in the case of a corporate shareholder) those Shares are held through a UK branch or agency, although they may be subject to charges to foreign taxation depending upon their individual circumstances.

##### **2.2. Taxation of dividends**

The ZDP Shares carry no right to receive dividends. Accordingly, the UK rules on the taxation of dividends should not be relevant to a holding of ZDP Shares.

Each individual who is resident in the UK for tax purposes is entitled to an annual tax free dividend allowance of £5,000 (tax year 2017/2018). Dividends received in excess of this threshold will be

taxed, for the fiscal year 2017/18 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers).

The UK government had announced, that the dividend allowance would be reduced to £2,000 from the tax year 2018/2019. Due to the announcement of a UK General Election, these proposals were not included in the truncated Finance Bill which was considered by Parliament on 25 April 2017. However, subject to the result of the UK General Election on 8 June 2017, the proposals to reduce the dividend allowance to £2,000 may be enacted later in 2017 and may take effect from the tax year 2018/2019.

In general, UK resident corporate Shareholders (other than dealers and certain insurance companies) are exempt from corporation tax in respect of dividends, except in certain circumstances.

Non-UK resident Shareholders may be subject to tax on dividend income under any law to which they are subject outside the UK. Under current legislation, no withholding tax will be deducted from any dividends paid by the Company.

### 2.3. **Stamp duty and stamp duty reserve tax**

#### *Issue of New Shares pursuant to the Issues*

The issue of Shares pursuant to the Issues should not give rise to any stamp duty or stamp duty reserve tax.

#### *Subsequent transfers*

An agreement to transfer Shares through CREST will normally be subject to stamp duty reserve tax at the rate of 0.5 per cent. or, if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty reserve tax may apply, at the rate of 1.5 per cent. of the value of the consideration paid. If an instrument of transfer of the Shares is subsequently executed (if the Shares are not transferred through CREST), it will generally be subject to stamp duty at the rate of 0.5 per cent. or if the transferee is a person to whom the depositary receipt or clearance service charge to stamp duty may apply, at the rate of 1.5 per cent. of the value of the consideration paid, in either case rounded up to the nearest multiple of £5. When such an instrument of transfer is duly stamped and stamp duty is paid within specified time limits, the stamp duty reserve tax charge will be cancelled and any stamp duty reserve tax already paid will be refunded.

Paperless transfers of Shares (such as those occurring within CREST) are generally liable to stamp duty reserve tax, rather than stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given. When Shares are transferred into the CREST system, there should generally be no stamp duty reserve tax on the transfer (unless made for a consideration, in which case stamp duty reserve tax will be payable at the rate of 0.5 per cent. of the actual consideration given).

Liability to pay stamp duty or stamp duty reserve tax is normally that of the transferee or purchaser.

Certain persons (e.g. brokers or custodians) may have stamp duty reserve tax liabilities and compliance obligations in respect of certain transactions and agreements involving Shares. Such persons should seek their own professional advice in respect of these liabilities and obligations.

Special rules may apply to transfers of, or agreements to transfer, treasury shares. Specific advice should be sought in respect of such transactions.

### 2.4. **ISAs**

The Shares will qualify for an ISA, provided that they are acquired by an ISA manager in the market or under the Offer. Direct transfers to an ISA will render such shares ineligible for ISAs. Shares acquired through the AGIT Scheme will be a qualifying investment for an ISA, provided the AGIT Shares in respect of which the entitlements to such shares arose were held within an ISA.

### 2.5. **SIPPs and SSASs**

The Shares acquired pursuant to the Issues will be permitted investments for SIPPs and SSASs.

## PART 6

### ADDITIONAL INFORMATION

#### 1. Incorporation and general

- 1.1. Aberforth Split Level Income Trust plc was incorporated and registered in England and Wales on 19 April 2017 as a public company limited by shares under the Act with registered number 10730910. The Company operates under the Act (and the regulations from time to time made thereunder). Its registered office is at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW. Its principal place of business is 14 Melville Street, Edinburgh EH3 7NS (telephone number 0131 220 0733). Save for its compliance with the Act (and the regulations from time to time made thereunder), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Prospectus Rules, the Company is not an authorised or regulated entity.
- 1.2. The objects of the Company are unrestricted.
- 1.3. Application will be made to the UK Listing Authority for all of the Ordinary Shares and all of the ZDP Shares issued and/or to be issued to be admitted to the Official List and to the London Stock Exchange for those Shares to be admitted to trading on the Main Market. It is expected that such Admissions will become effective and that dealings in the Shares will commence on 3 July 2017. The Ordinary Shares are to be admitted to the premium segment and the ZDP Shares are to be admitted to the standard segment of the Official List.
- 1.4. The Company has given notice to the Register of Companies pursuant to section 833 of the Act of its intention to carry on business as an investment company.
- 1.5. Aberforth Partners was incorporated and registered in England and Wales on 21 May 2005 as a limited liability partnership under the Limited Liability Partnerships Act 2000 with registered number OC313353. It operates under the Limited Liability Partnerships Act 2000 and the regulations from time to time made thereunder. Its registered office is at Level 13, Broadgate Tower, 20 Primrose Street, London EC2A 2EW. Its principal place of business is 14 Melville Street, Edinburgh EH3 7NS (telephone number 0131 220 0733). The firm is authorised and regulated by the FCA.
- 1.6. National Westminster Bank plc has been appointed as the Company's Depository. The Depository will be responsible for the safe keeping of the Company's assets. The Depository is a public limited company incorporated in England and Wales under the Companies Act 1948 to 1967 with registered number 00929027 on 18 March 1968. The Depository's registered office is at 135 Bishopsgate, London EC2M 3UR (telephone number: 0845 878 9102). The Depository is authorised by the PRA and regulated by the FCA and PRA with firm reference number 121878. The Depository will enter into a written agreement delegating the performance of its safekeeping functions to the custodian, The Northern Trust Company. The Custodian is a company established under the laws of the State of Illinois in the United States of America, whose principal place of business in England and Wales is at 50 Bank Street, Canary Wharf, London E14 5NT (telephone number 020 7982 2000). The Custodian operates pursuant to the laws of the State of Illinois, United States of America. The Custodian's business in the UK is authorised and regulated by the FCA with firm reference number 122020.

#### 2. Share capital and indebtedness

- 2.1. The Company was incorporated with no authorised share capital. At incorporation, the share capital of the Company was £1 represented by 100 Ordinary Shares with a nominal value of £0.01 each, which were issued to the subscriber to the Company. On 10 May 2017, the subscriber shares were transferred to Alistair Whyte (a partner of Aberforth Partners).
- 2.2. To enable the Company to obtain a trading certificate (which entitles the Company to do business and exercise borrowing powers) under section 761 of the Act, on 10 May 2017, 50,000 Redeemable Shares were allotted to Alistair Whyte against his irrevocable undertaking to pay up, or procure payment of, £1 in cash for each of such Redeemable Shares on demand. Such Redeemable Shares will be redeemed for cash at par upon Admission out of the proceeds of the Issues.

- 2.3. The issued share capital of the Company (all of which is, and will be, fully paid) as at the date of this document and immediately following Admission (on the basis of the Assumptions) is and will be:

	<i>Number of Shares</i>	<i>Nominal value of each share</i>
<b>As at the date of this document</b>		
Ordinary Shares	100	£0.01
Redeemable Shares	50,000	£1.00
<b>Immediately following Admission</b>		
Ordinary Shares	160,000,000	£0.01
ZDP Shares	40,000,000	£0.01
Redeemable Shares	Nil	£1.00

- 2.4. As at 17 May 2017 (being the latest practicable date prior to the date of this document) the Company did not hold any Shares in treasury and no Shares were held by or on behalf of the Company itself or by subsidiaries of the Company.

- 2.5. Pursuant to a special resolution passed by the Company on 10 May 2017, *inter alia*:

2.5.1. the Directors of the Company were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company, such authority being limited to:

- (i) the allotment of (or the grant of rights to subscribe for or to convert any security into) Ordinary Shares with an aggregate nominal value of up to £6,000,000; and
- (ii) the allotment of (or the grant of rights to subscribe for or convert any securities into) ZDP Shares with an aggregate nominal value of up to £1,500,000,

for the purposes of the Issues, each such authority to expire on 19 October 2018 or, if earlier, immediately after Admission, save that the Company may before the expiry of each authority make an offer or enter into an agreement which would or might require shares to be allotted or rights to be granted after the expiry of such authority and the Directors are authorised to allot shares or grant such rights in pursuance of such an offer or agreement as if the authority had not expired;

2.5.2. the Directors were empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) wholly for cash, pursuant to the authority referred to in paragraph 2.5.1 of this Part 6, as if section 561 of the Act did not apply to any such allotment, such power to expire on 19 October 2018 or, if earlier, immediately after Admission, save that the Company may, at any time prior to the expiry of such power make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power and the Directors are authorised to allot equity securities in pursuance of such an offer or agreement as if such power had not expired;

2.5.3. conditional upon Admission and the payment up in full of the Ordinary Shares and the ZDP Shares, and subject to the confirmation of the Court, the amount standing to the credit of the share premium account of the Company immediately following Admission (less that part of the amount applied in writing off the expenses of, and the commission paid in connection with, the issue of the Ordinary Shares and the ZDP Shares) was resolved to be cancelled and the credit thereby arising in the Company's books of account was resolved to be applied in crediting a distributable reserve (to be designated the "Special Reserve") to be established in the Company's books of account which shall be able to be applied in any manner in which the Company's profits available for distribution are able to be applied, in accordance with the Act and article 3(4) of The Companies (Reduction of Share Capital) Order 2008, including by way of a dividend, from this reserve, and the buy back of Shares;

- 2.5.4. effective immediately after Admission, in substitution for any pre-existing power to allot or grant rights to subscribe for or to convert any security into shares in the Company, but without prejudice to the exercise of any such authority prior to Admission, the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate amount equal to the aggregate of one third of the nominal value of the issued Ordinary Shares and one third of the nominal value of the issued ZDP Shares immediately following Admission, such authority to expire on the date of the first annual general meeting of the Company or, if earlier, on 19 October 2018, unless previously revoked, varied or extended by the Company in general meeting, save that the Company is authorised, at any time prior to the expiry of such authority, to make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors are authorised to allot relevant securities in pursuance of such an offer or agreement as if such authority had not expired;
- 2.5.5. effective immediately after Admission, in substitution for any pre-existing power under section 570 of the Act but without prejudice to the exercise of any such power prior to Admission, the Directors were generally and unconditionally empowered pursuant to section 570 of the Act to allot or transfer out of treasury equity securities (as defined in section 560 of the Act) for cash, pursuant (save in relation to a transfer of equity shares out of treasury) to the authority referred to in paragraph 2.5.4 above, as if section 561 of the Act did not apply to any such allotment, such power being limited to the allotment or transfer out of treasury of equity securities for cash up to an aggregate nominal amount equal to ten per cent. of the nominal value of the issued Ordinary Shares and ten per cent. of the nominal value of the issued ZDP Shares immediately following Admission, such authority to expire on the date of the first annual general meeting of the Company or, if earlier, on 19 October 2018, unless previously revoked, varied or extended by the Company in general meeting, save that the Company be authorised, at any time prior to the expiry of such authority, to make an offer or enter into an agreement which would or might require equity securities to be allotted or transferred out of treasury after the expiry of such authority and the Directors be authorised to allot or transfer out of treasury equity securities in pursuance of such an offer or agreement as if such authority had not expired; and
- 2.5.6. the Company was authorised, generally and unconditionally, in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of Shares, provided that:
- (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the Ordinary Shares in issue immediately following Admission and the maximum aggregate number of ZDP Shares authorised to be purchased is 14.99 per cent. of the ZDP Shares in issue immediately following Admission;
  - (ii) the minimum price (exclusive of costs) which may be paid for a Share of either class is 1p; and
  - (iii) the maximum price (exclusive of costs) which may be paid for a Share of either class shall be the higher of (i) 105 per cent. of the average of the middle market quotations (as derived from the Daily Official List of the London Stock Exchange) for that particular class of Share for the five Business Days immediately preceding the date on which the relevant Share is contracted to be purchased; or (ii) the higher of the price of the last independent trade and the highest current independent bid relating to a Share of that particular class on the trading venue where the trade is carried out,

such authority to expire on the date of the first annual general meeting of the Company or, if earlier, 19 October 2018 unless previously revoked, varied or renewed by the Company in general meeting, save that the Company is authorised at any time prior to the expiry of such authority to enter into an agreement to purchase Shares of either class which would or might be completed if executed wholly or partly after the expiry of such authority and may

make a purchase of Shares of a particular class in pursuance of any such an agreement as if such power had not expired.

- 2.6. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 2.7. The disapplication of statutory pre-emption rights in the terms provided under the special resolutions noted at paragraph 2.5.5 of this Part 6 has given the Company the flexibility to resell Shares which it may purchase and hold in treasury for cash without first being required to offer such Shares to existing Shareholders in proportion to their existing holdings.
- 2.8. The Company has authority to make market purchases of up to 14.99 per cent. of each class of Share in issue immediately following Admission under the authority referred to in paragraph 2.5.6 of this Part 6.
- 2.9. The provisions of section 561 of the Act, which confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities which are to be paid up in cash, apply except as referred to in paragraphs 2.5 and 2.7 of this Part 6.
- 2.10. It is expected that the Shares will be issued pursuant to a resolution of the Board on 29 June 2017 conditional upon the Scheme becoming unconditional and the admission of those Shares to the Official List and to trading on the Main Market.
- 2.11. Each Share will be issued pursuant to the Placing and Offer fully paid at a premium of 99p per Share to the nominal value of 1p per Share.
- 2.12. Under the terms of the Issues, Shares will be issued in registered form and may be held in certificated or uncertificated form. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instruments. The Articles permit the holding of Shares under the CREST system. The Directors have applied for the Ordinary Shares and the ZDP Shares to be admitted to CREST. CREST is a voluntary system and holders of Shares who wish to receive and retain share certificates will be able to do so by contacting the Company's Registrar.
- 2.13. Temporary documents of title will not be issued in respect of the Shares in certificated form. Definitive certificates for Shares are expected to be despatched in the week commencing 10 July 2017.

### **3. Summary of the Articles**

#### **3.1. General**

The Articles were adopted on 18 May 2017 by way of special resolution and contain, *inter alia*, provisions as summarised below.

In this paragraph 3 of Part 6, "Statutes" means the Act and every statute (including any orders, regulations or other subordinate legislation made under the Act) from time to time in force concerning companies in so far as it applies to the Company.

#### **3.2. Unrestricted objects**

The Company's objects are unrestricted.

#### **3.3. Share rights**

Subject to the provisions of the Statutes and to any rights previously conferred on the holders of Shares, the Ordinary Shares and the ZDP Shares confer the following rights.

##### **3.3.1. Capital rights**

On a winding up or other return of assets of the Company, the assets of the Company available for distribution to the Ordinary Shareholders and the ZDP Shareholders after payment of all debts and satisfaction of all liabilities of the Company (including the costs of winding up, if appropriate) and redemption of the Redeemable Shares will be applied as follows:

- (a) first, there shall be paid to the Ordinary Shareholders *pro rata* to their holdings of Ordinary Shares, any undistributed revenue reserves of the Company (including any current year and accumulated revenue reserves);
- (b) secondly, there shall be paid to the ZDP Shareholders *pro rata* to their holdings of ZDP Shares an amount equal to 100p per ZDP Share as increased each day over the period from 30 June 2017 up to and including 1 July 2024 at the daily compound rate which results in a final capital entitlement to 127.25 pence on the Planned Winding Up Date, the first such increase to be deemed to have occurred on 1 July 2017 and the last to occur on 1 July 2024; and
- (c) thirdly, there shall be paid to the Ordinary Shareholders, *pro rata* to their holdings of Ordinary Shares, all remaining surplus assets of the Company available for distribution.

#### 3.3.2. *Dividend rights*

The Ordinary Shares carry the right to receive the revenue profits of the Company (including any current year and accumulated revenue reserves) available for distribution and resolved to be distributed by way of interim or final dividend at such times as the Directors may determine.

The Articles provide the Directors with the flexibility to make distributions out of capital, including any special reserve arising out of the cancellation of any share premium account, to Ordinary Shareholders provided always that the Cover of the ZDP Shares (calculated as at the latest practicable date in accordance with the Articles as summarised at paragraph 3.3.4 of this Part 6) would not, immediately following any such capital distribution, be less than 3.3 times.

The ZDP Shares carry no rights to receive dividends or other distributions out of the revenue or any other profits of the Company.

#### 3.3.3. *Voting rights*

The Ordinary Shareholders will have the right to receive notice of, and to attend and vote at, general meetings of the Company. On a show of hands each such holder present in person and entitled to vote shall have one vote and, save as provided in paragraph 3.7.1 of this Part 6, on a poll, each such holder present in person or by proxy and entitled to vote shall have one vote for every Ordinary Share held by him.

The ZDP Shareholders will neither have the right to receive notice of, nor the right to attend or vote at, any general meeting of the Company except (save as provided in paragraphs 3.7.2 and 3.7.3 of this Part 6) (i) upon any resolution to vary the special rights or privileges attached to the ZDP Shares or (ii) upon any resolution to wind up the Company, and in such circumstances, save as otherwise provided below, on a show of hands each holder of ZDP Shares present in person and entitled to vote shall have one vote and, save as provided in paragraph 3.7.1 of this Part 6, on a poll, each such holder who is present in person or by proxy and entitled to vote shall have one vote in respect of every ZDP Share held by him.

In the case of joint holders of a share, only the vote of the senior holder who votes, (and any proxy duly authorised by him) may be counted by the Company. The senior holder of a share is determined by the order in which the names of the joint holders appear in the register.

#### 3.3.4. *Class rights*

The Company will not, without the consent in writing of the holders of not less than three-fourths in nominal value of the issued ZDP Shares (excluding any ZDP Shares held as treasury shares) or the sanction of the ZDP Shareholders by way of special resolution passed at a separate general meeting of such class of ZDP Shareholders:

- (a) issue any further shares or rights to subscribe for or convert any securities into shares in the Company or reclassify issued share capital into shares of a particular class where such shares would, on issue, conversion or reclassification rank as to capital in priority to the ZDP Shares;
- (b) issue any further shares or rights to subscribe for or convert any securities into shares in the Company or reclassify issued share capital into shares of a particular class where such shares would on issue, conversion or reclassification rank as to capital *pari passu* with the ZDP Shares save for the issue by the Company of further shares or rights to subscribe for or convert any securities into shares in the Company or reclassify issued share capital into shares of a particular class where the Cover of the ZDP Shares immediately following the *pari passu* issue, conversion or reclassification would not be less than 3.3 times;
- (c) pass a resolution to reduce the issued share capital of the Company in any manner (save that the Company may pass a resolution to cancel all or part of the Company's share premium account and create a special reserve in the accounts of the Company subject to the restrictions on the use of such reserves in paragraph (d) below), provided that the Company may purchase its own Shares where the Cover of the ZDP Shares would, immediately following such purchase, not be less than 3.3 times;
- (d) make or pay any dividends or other distributions out of capital, including out of any special reserve arising out of the cancellation of any share premium account, if immediately following such payment the Cover of the ZDP Shares would be less than 3.3 times,

For the purpose of paragraphs (b) to (d), the Cover of the ZDP Shares (the "Cover") shall be a number resulting from the following formula:

$$\frac{A}{B}$$

where:

- "A" is the net asset value of the Company excluding undistributed revenue reserves (valued in accordance with the Company's accounting policies and to exclude both current year and accumulated revenue reserves) at the end of the NAV Calculation Date;
- "B" is the amount which would be paid on the ZDP Shares as a class (and on all ZDP Shares ranking as to capital in priority thereto or *pari passu* therewith, save to the extent already taken into account in the calculation of "A") on a winding up of the Company on 1 July 2024 plus an amount equal to the estimated aggregate costs charged to capital to such date and the estimated winding up costs of the Company (save to the extent already taken into account in the calculation of "A"),

where "NAV Calculation Date" means close of business on a date specified by the Directors which is not earlier than: (a) (i) 60 days prior to (and excluding) the date of the proposed issue, conversion or reclassification for the purpose of paragraphs 3.3.4 (b); and (ii) 10 days prior to (and excluding) the date of the proposed dividend out of capital, buyback or other distribution out of capital or any special reserve for the purposes of paragraph 3.3.4 (c) and paragraph 3.3.4 (d), or (b) if applicable and earlier, the latest practicable date prior to the date of any announcement of the intention to make such a proposed issue, conversion, reclassification, buyback or distribution provided that, in calculating such Cover of the ZDP Shares, the Directors shall use the net asset value of the Ordinary Shares and the ZDP Shares published by the Company at the most recent practicable date before the NAV Calculation Date to calculate the net asset value of the Company (and, for the avoidance of doubt, neither the ZDP Shares nor their capital entitlement shall be treated as borrowings when calculating the net asset value of the

Company for these purposes) and, in the case of any issue, conversion or reclassification for the purposes of paragraph 3.3.4 (b):

- (i) assume that the share capital or rights proposed to be issued or arising on reclassification had been issued and/or exercised and/or reclassified at the end of the month prior to the NAV Calculation Date;
  - (ii) adjust the net asset value of the Company used for the purposes of (i) above by adding the minimum net consideration (if any) which would be received upon such issue, conversion, reclassification or exercise;
  - (iii) take into account the entitlements to be attached to the new shares or securities or rights to be issued;
  - (iv) aggregate the final capital entitlements of the existing ZDP Shares and the final capital entitlements of the new shares or securities or rights arising on issue, conversion or reclassification issued as aforesaid; and
  - (v) make such other adjustments as they consider appropriate (including in respect of any other Shares to be issued at or about the same time as such shares to be issued).
- (e) pass a resolution other than a Recommended Offer Resolution, a Recommended Reconstruction Resolution or a Reconstruction Resolution releasing the Directors from the obligation referred to in paragraph 3.7.1 of this Part 6 to convene a general meeting to wind up the Company voluntarily on the Planned Winding Up Date;
- (f) save as provided in paragraph 3.7.1 of this Part 6, pass any resolution other than a Recommended Offer Resolution, a Recommended Reconstruction Resolution or a Reconstruction Resolution for the voluntary winding up of the Company;
- (g) pass a resolution amending the provisions of paragraph 3.3.1 of this Part 6 or this paragraph 3.3.4;
- (h) permit the amounts borrowed by the Company to cause the Company to breach the borrowing powers in the Articles or increase the limit contained therein;
- (i) make any material change to the Company's investment policy as set out in Part 1 of this document which, at the time of such change, appears likely, in the reasonable opinion of the Directors, to be materially prejudicial to the rights of the ZDP Shareholders under the Articles; or
- (j) pass any resolution for the capitalisation of the profits or reserves of the Company.
- 3.3.5. For the avoidance of doubt, one of the rights attaching to the ZDP Shares shall be that:
- (a) a Recommended Offer Resolution;
  - (b) a Recommended Reconstruction Resolution;
  - (c) a Reconstruction Resolution;
  - (d) a resolution authorising, pursuant to section 551 of the Act, the Directors to allot shares or grant rights to subscribe for or to convert any securities into Shares in the Company;
  - (e) a resolution empowering, pursuant to section 570 of the Act, the Directors to allot equity securities for cash as if section 561 of the Act did not apply to such allotment; or
  - (f) a resolution empowering, pursuant to section 701 of the Act, the Directors to buy back the Company's own shares,

may be passed and, subject to paragraph 3.3.4 of this Part 6, be implemented without the ZDP Shareholders being entitled to receive notice of or vote either on such resolution at the relevant general meeting of the Company or to sanction the same by special resolution at a separate general meeting of such ZDP Shareholders, to the intent that the passing and, subject to paragraph 3.3.4 of this Part 6, implementation of any such resolution shall not be treated as varying, modifying or abrogating the rights attached to the ZDP Shares.

#### 3.4. *Variation of rights*

3.4.1. Subject to the provisions of the Statutes, all or any of the rights attached to any class of shares issued may be varied either with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

3.4.2. The necessary quorum for such meeting shall be two persons present, or represented by proxy holding not less than one-third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares) but so that at any adjourned meeting one holder present in person or by proxy shall be a quorum. Every holder of shares of the relevant class present in person or by proxy:

(a) shall be entitled on a poll to one vote for every share of that class held by him (subject to any rights or restrictions attached to any class of shares); and

(b) may demand a poll.

3.4.3. These provisions apply to the variation of the special rights which only attach to certain shares of a particular class as if shares carrying that special right formed a separate class.

#### 3.5. *Uncertificated shares*

The Company may in accordance with the Uncertificated Securities Regulations 2001 (as amended from time to time) permit title to shares to be evidenced otherwise than by certificate and for title to be transferred by means of a relevant system.

#### 3.6. *Restriction on votes of Shareholders*

No Shareholder shall, unless the Board otherwise decides, be entitled, in respect of any Share held by him, to vote (either personally or by proxy) at any general meeting of the Company or at any separate general meeting of the holders of any class of shares in the Company in respect of any share unless all calls or other sums presently payable by him in respect of that share have been paid.

Pursuant to the Act, the Company may send a notice to any person whom the Company knows or believes to be interested in the Company's shares requiring that person to confirm whether he has such an interest and if so details of that interest.

Where the holder of any shares in the Company, or any other person appearing to be interested in those shares, fails to comply within a period of 14 days with any statutory notice in respect of those shares, the Company may give the holder of those Shares a restriction notice, which imposes restrictions on those shares while the default continues, which restrictions may include disentitlement to attend or vote at any general meeting of the Company or at any separate general meeting of the holders of the shares of that class, in person or by proxy, or to exercise any privilege as a Shareholder in relation to meetings of the Company. In respect of a person with a 0.25 per cent. or more interest in the issued ordinary share capital of the Company, the Directors may direct in the restriction notice that, such to certain exceptions, no transfers of shares held by such person (in certificated or uncertificated form) shall be registered and that any dividends or other payments on the shares shall be retained by the Company pending receipt by the Company of the information requested by the Directors.

### 3.7. *Winding up*

3.7.1. Subject to paragraphs 3.7.2 and 3.7.3 of this Part 6, the Directors shall convene a general meeting of the Company to be held on or within three months prior to Planned Winding Up Date being 1 July 2024 at which one or more special resolutions (the "Liquidation Resolution") will be proposed pursuant to section 84 of the Insolvency Act 1986 requiring the Company to be wound up voluntarily unless the Directors have previously been released from their obligation to do so by a special resolution of the Company, such special resolution having been duly passed no earlier than 31 March 2024. The vote taken on the Liquidation Resolution shall be taken on a poll. On any vote on any such resolution(s), each Shareholder present in person or by proxy and entitled to vote and who votes in favour of the Liquidation Resolution(s) shall, on the poll, have such number of votes in respect of each Share held by him as results in the aggregate number of votes cast in favour of the resolution(s) being three times the aggregate number of votes which are cast against the Liquidation Resolution(s).

3.7.2. Notwithstanding paragraph 3.7.1 of this Part 6, if:

- (a) an offer is made to all ZDP Shareholders (other than the offeror and/or persons controlled by, or acting in concert with, the offeror) which becomes or is declared unconditional in all respects prior to 1 July 2024 (the "Cash Offer"); and
- (b) the Cash Offer enables such ZDP Shareholders to receive not later than 15 July 2024 an amount in cash not less than that to which such holders would otherwise have been entitled to on a winding up of the Company as a result of the passing of the Liquidation Resolution (whether or not such an offer is accepted in any particular case),

then the provisions referred to in paragraph 3.7.1 of this Part 6 shall not apply, the Directors shall not be required to convene a general meeting of the Company at which the Liquidation Resolution is proposed and the ZDP Shareholders shall not thereafter be entitled to vote at any general meeting of the Company and neither the previous sanction of a special resolution passed at a separate general meeting of the ZDP Shareholders nor their consent shall be required in any case in which it would otherwise be required by the Articles, provided that where, notwithstanding the foregoing, the Statutes require, in any case, the prior sanction of a resolution passed at a general meeting of the ZDP Shareholders, all ZDP Shareholders present in person or by proxy at any such meeting and entitled to vote shall (in respect of all the votes attached to all such Shares) vote in favour of such resolution which has been recommended by the Directors (a "Recommended Offer Resolution") and, where any vote is not cast or is cast against a Recommended Offer Resolution, it shall be deemed to have been cast in favour by virtue of this paragraph 3.7.2, provided that this paragraph 3.7.2 shall cease to have effect with regard to the holders of ZDP Shares if either the Directors consider such Cash Offer is unlikely to be honoured or the offeror has breached a material term of the Cash Offer or has otherwise manifested an intention not to implement the Cash Offer.

3.7.3. Notwithstanding paragraph 3.7.1 above, if at any general meeting held on or before the day on which the Liquidation Resolution would otherwise be, or be required to be, proposed there is proposed any resolution (the "Reconstruction Resolution") which contains a proposal to sanction any form of arrangement (including, without limitation, any arrangement under section 110 of the Insolvency Act 1986) which arrangement becomes unconditional in all respects on or before 1 July 2024 and would enable each ZDP Shareholder to receive, not later than 15 July 2024, an amount in cash equal to not less than the amount to which such holder would otherwise have been entitled on the winding up of the Company as a result of the passing of the Liquidation Resolution (ignoring any option any ZDP Shareholders may be given to elect to receive their entitlement other than in cash), for each ZDP Share held by him then the provisions referred to in paragraph 3.7.1 of this Part 6 shall not apply and the Directors shall be released from their obligation to call a general meeting on the Planned Winding Up Date and the ZDP Shareholders shall not thereafter be entitled to vote at any general meetings of the Company and neither the previous sanction of a resolution passed at a separate class meeting of the

ZDP Shareholders nor their consent shall be required in any case in which it would otherwise be required by the Articles, provided that, where, notwithstanding the foregoing, the Statutes require, in any case, the previous sanction of a resolution passed at a separate general meeting of the ZDP Shareholders, all ZDP Shareholders present in person or by proxy at such meeting and entitled to vote shall (in respect of the votes attached to all Shares) vote in favour of such resolution recommended by the Directors (a "Recommended Reconstruction Resolution") and, where any vote is not cast or is cast against any Recommended Reconstruction Resolution, it shall be deemed to have been cast in favour by virtue of this paragraph 3.7.3 provided that this paragraph 3.7.3 shall cease to have effect with regard to the ZDP Shareholders if the arrangement is not implemented in accordance with its terms.

3.8. *Representatives of corporations*

Any corporation (other than the Company itself) which is a Shareholder of the Company may by resolution of its board of directors or other governing body authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any separate meeting of the holders of any class of Shares and, subject to the terms of the Statutes, such corporation shall for the purposes of the Articles be deemed to be present in person at any such meeting at which a person or persons so authorised is or are present.

3.9. *Redeemable shares*

Subject to the provisions of the Statutes and to the rights attached to existing shares, shares may be issued on terms that they are to be redeemed or, at the option of the Company or the holder, are liable to be redeemed.

3.10. *General meetings*

3.10.1. The Board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Statutes. Subject to the Statutes, the Board may convene a general meeting whenever it thinks fit.

3.10.2. An annual general meeting shall be convened by not less than 21 clear days' notice in writing. Subject to the Statutes, all other general meetings shall be convened by not less than 14 clear days' notice in writing.

3.10.3. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the choice or appointment of a chairman which shall not be treated as part of the business of the meeting. Save as otherwise provided by the Articles, two members present in person or by proxy or by a duly authorised corporate representative and entitled to vote shall be a quorum.

3.11. *Electronic communications*

The Articles will permit the Company to deliver, *inter alia*, notices of meetings and any other documentation (which will include the Company's annual report and accounts) to Shareholders either in electronic form or by publishing such notices or documentation on the Investment Managers' website in accordance with the Statutes. The Articles also provide that the Directors may, from time to time, permit appointments of a proxy to be made in electronic form in the form of an uncertificated proxy instruction.

3.12. *Dividends*

3.12.1. Subject to the provisions of the Statutes and the terms on which any class of Share of the Company has been issued (i) the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the Shareholders, but no dividend shall exceed the amount recommended by the Board; and (ii) the Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company, in the opinion of the Board, justifies its payment.

- 3.12.2. Except in so far as the rights attaching to, or the terms of issue of, any Share otherwise provide (i) all dividends shall be declared and paid according to the amounts paid up on the Share in respect of which the dividend is paid (excluding amounts paid up on a share in advance of a call); (ii) all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the share during any portion or portions of the period in respect of which the dividend is paid; and (iii) dividends may be declared or paid in any currency.
- 3.12.3. The Board may deduct from any dividend or other moneys payable to a Shareholder by the Company on or in respect of any Shares all sums of money (if any) presently payable by him to the Company in respect of Shares of the Company. Sums so deducted can be used to pay amounts owing to the Company in respect of the Shares.
- 3.12.4. Subject to the rights attaching to, or to the terms of issue of, any shares, no dividend or other moneys payable by the Company on or in respect of any shares shall bear interest against the Company.
- 3.12.5. Any dividend unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and shall revert to the Company.

### 3.13. *Untraced shareholders*

The Company may sell any certificated Shares in the Company on behalf of the holder of, or person entitled by transmission to, the Shares by instructing their sale on the London Stock Exchange, or on any other stock exchange outside the United Kingdom on which the Company's shares are normally traded, at the best price reasonably obtainable at the time of the sale if:

- 3.13.1. at least three cash dividends have become payable on the shares during the period of 12 years ending on the date of the advertisements referred to in paragraph 3.13.4 of this Part 6 (or of the first of the two advertisements if published on different dates) and all dividends or other moneys payable on or in respect of such shares during that period remain unclaimed (the "Qualifying Period");
- 3.13.2. no cash dividend payable on the shares has either been claimed by presentation to the paying bank of the relevant cheque or warrant or been satisfied by the transfer of funds to a bank account designated by the holder of, or person entitled by transmission to, the shares or by the transfer of funds by means of a relevant system at any time during the relevant period which begins on the commencement of the Qualifying Period and ends when all the requirements detailed in this paragraph 3.13.1. have been satisfied (the "Relevant Period");
- 3.13.3. so far as any Directors is aware at the end of the Relevant Period, the Company has not at any time during the Relevant Period received any communication from the holder of, or person entitled by transmission to, the Shares;
- 3.13.4. the Company has caused two advertisements to be published, one in a newspaper with a national circulation and the other in a newspaper circulating in the area in which the last known address of the holder of, or person entitled by transmission to, the Shares is located (or the address at which the service of notices may be effected under the Articles is located), giving notice of its intention to sell the shares and the Company has not in the period of 12 years ending on the date of such advertisement (or the last of the two advertisements if published on different days), nor in the three months following such date, received any communication from the Shareholder or any person entitled to the shares by transmission; and
- 3.13.5. the Company has given notice to a Regulatory Information Service of its intention to make the sale.

### 3.14. *Distributions of assets otherwise than in cash*

Subject to the Statutes, the provisions of the Articles and any terms on which any class of share of the Company has been issued, if the Company shall be wound up (whether the liquidation is voluntary or by the High Court of England and Wales) the liquidator may, with the authority of a

special resolution, divide among the Shareholders in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purposes set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributor shall be compelled to accept any shares or other property in respect of which there is a liability.

3.15. *Reduction of capital*

Subject to the Statutes, the provisions of the Articles and any terms on which any class of share of the Company has been issued, the Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve.

3.16. *Transfer of Shares*

3.16.1. Any Shareholder may:

- (a) transfer all or any of his uncertificated shares by means of a relevant system as provided for under the Uncertificated Securities Regulations 2001; and
- (b) transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register of members as the holder of that share.

3.16.2. The Board may, in its absolute discretion, decline to register any transfer of any share which is not a fully paid share provided that where such share is admitted to the Official List such discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis.

3.16.3. The Board may only decline to register a transfer of an uncertificated share in the circumstances set out in the Uncertificated Securities Regulations 2001 and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated Share is to be transferred exceeds four.

3.16.4. The Board may decline to register any transfer of a certificated Share unless:

- (i) the instrument of transfer is left with the Company accompanied by the certificate for the share and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer;
- (ii) the instrument of transfer is duly stamped or adjudged or certified as not chargeable to stamp duty (if stamp duty is generally chargeable on transfers of certificated shares);
- (iii) the instrument of transfer is in respect of only one class of share; and
- (iv) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

3.16.5. The Board may decline to register a transfer of a certificated share if the transfer is in favour of any person, as determined by the directors, to whom a sale or transfer of Shares, or in relation to whom the sale or transfer of a direct or beneficial holding of shares, would or might result in (i) the Company being required to register as an investment company under the Investment Company Act, (ii) benefit plan investors ("Plan Investors") (as defined in section 3(42) of ERISA) acquiring an aggregate interest in

exceeding 25 per cent. of the value of an equity class in the Company or (iii) the assets of the Company being deemed to be assets of a Plan Investor.

3.17. *Transmission of Shares*

If a Shareholder dies, the survivor or survivors, where he was a joint holder, and his personal representatives, where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his Shares; but nothing contained in the Articles shall release the estate of a deceased holder from any liability in respect of any share held by him solely or jointly with other persons.

3.18. *Directors*

3.18.1. Unless otherwise determined by ordinary resolution of the Company, the number of Directors (disregarding alternate Directors) shall be not less than two and no more than six.

3.18.2. Unless otherwise determined from time to time by ordinary resolution of the Company, the fees for the services of the Directors shall not exceed, in aggregate, £200,000 per annum and such remuneration shall be divided between the Directors as the Board shall agree or, failing agreement, equally.

3.18.3. The Board, or any committee authorised by the Board, may from time to time appoint one or more Directors to hold any employment or executive office with the Company for such period (subject to the provisions of the Statutes) and upon such other terms as the Board or any committee authorised by the Board may in its discretion decide. Any Director who is appointed to any executive office may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may in its discretion decide.

3.18.4. Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from Board meetings, Board committee meetings or general meetings of the Company or any other meeting which as a Director he is entitled to attend and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director.

3.18.5. At every annual general meeting of the Company, each Director shall retire from office and may offer himself for re-appointment by the members.

3.18.6. Except as detailed below, a Director shall not vote on, nor be counted in the quorum in relation to, any resolution of the Board in respect of any actual or proposed transaction or arrangement with the Company) in which he has an interest which (taken together with any interest of any person connected with him) is to his knowledge an interest which he is aware, or ought reasonably to be aware, does conflict, or can reasonably be regarded as likely to give rise to a conflict, with the interests of the Company and, if he shall do so, his vote shall not be counted. These prohibitions shall not apply to any resolution concerning any of the following matters:

- (a) the giving to him of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) where the Company, or any of its subsidiaries is offering securities in which the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub underwriting of which the Director is to participate;

- (d) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;
- (e) any contract concerning any other company (not being a company in which the Director to his knowledge holds an interest of one per cent. or more) in which he is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever;
- (f) any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors and employees of the Company or of any of its subsidiary undertakings and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;
- (g) any contract for the benefit of the employees of the Company or of any of its subsidiary undertakings under which he benefits in a similar manner to the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom the contract relates; and
- (h) any contract for the purchase or maintenance of insurance against any liability for, or for the benefit of, any director or directors, or for the benefit of, persons who include directors.

3.18.7. In respect of any situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company, the Board may authorise the matter, on such terms as it may determine, provided that:

- (a) the Director has declared the full nature and extent of the situation to the Board; and
- (b) it is proposed (either by the Director in question or another) that the Board authorise the matter and upon the resolution to do so the requirement for the quorum is met without counting the Director in question and the resolution was agreed to without such Director voting or would have been agreed if his vote had not been counted.

### 3.19. *Borrowing powers*

3.19.1. The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures and other securities.

3.19.2. The Board shall restrict the borrowings of the Company and exercise all voting and other rights exercisable by the Company in relation to its subsidiaries (if any) so as to secure that, save with the consent of the Company in general meeting, no money shall be borrowed if the aggregate principal amount outstanding of all net borrowings by the Company and/or any of its subsidiaries (excluding amounts borrowed by any such company from any other of them) then exceeds, or would as a result of such borrowing exceed five per cent. of the Total Assets at the time of drawdown.

For the purposes of the Articles, borrowings shall not include the ZDP Shares or any other class of shares nor their capital entitlement.

### 3.20. *Record dates*

The Company or the Board may fix any date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time before or after any date on which the dividend, distribution, allotment or issue is declared, paid or made.

### 3.21. *Reserves*

3.21.1. The Board shall establish a reserve to be called the “capital reserve”, and shall either carry to the credit of such reserve all capital profits or appreciations arising on the sale, transposition, payment off of or revaluation of any investment or other capital asset of the Company in excess of the book value thereof or apply the same in providing for depreciation or contingencies.

3.21.2. Any losses realised on the sale, transposition, payment off of or revaluation of any investment or other capital asset and any other expense, loss or liability (or provision therefor) considered by the Board to be of a capital nature may be carried to the debit of the capital reserve except in so far as the Board may in its discretion decide to make good the same out of other funds of the Company.

### 3.22. *Liability of Shareholders*

The liability of the Shareholders of the Company is limited to the amount, if any, unpaid on the Shares held by them.

### 3.23. *Indemnity*

Subject to the provisions of the Statutes, the Company may indemnify any Director, or other officer (or any person who was at any time a Director, or other officer of the Company, or its predecessor in business, or of a holding undertaking or subsidiary undertaking of the Company) against any liability and may purchase and maintain for any such person insurance against any loss or liability, whether in connection with any proven or alleged negligence, default, breach of duty or breach of trust by him or otherwise in relation to the Company. Subject to those provisions but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director, former Director or other officer of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him in the execution of his duties in relation to the affairs of the Company, provided that the Articles shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause the Articles, or any Article, or of such indemnification, to be treated as void under the Statutes.

## **4. Directors' and others' interests**

4.1. It is estimated that the aggregate financial remuneration to be paid, and benefits in kind granted, to the Directors by the Company for the first financial period of the Company to 30 June 2018 will not exceed £150,000. The total financial remuneration to be paid and benefits in kind granted to the Directors will not be varied as a consequence of the Issues.

4.2. All of the Directors are non-executive Directors. None of the Directors has a service contract with the Company nor are any such service contracts proposed. Each of Jonathan Cartwright, Graeme Bissett, Dominic Fisher, Angus Gordon Lennox and Graham Menzies has been appointed pursuant to the terms of a letter of appointment with the Company dated 10 May 2017. The current period of service for each Director expires at the annual general meeting of the Company to be held in October 2018, subject to renewal at that time. The Company has the right to terminate each appointment without compensation if the relevant Director is required to vacate office in accordance with the Articles and may terminate the appointment upon one month's notice or payment in lieu of notice equal to one month's fees. The fees payable are £29,800 per annum for Jonathan Cartwright, the Chairman, £27,400 per annum for Graeme Bissett (chairman of the audit committee), £24,500 per annum for the Directors who are also members of the audit committee (Dominic Fisher and Angus Gordon Lennox) and £23,300 per annum for the other Director. The fees will be reviewed annually by the Board and may be increased in line with market rates. No amounts have been set aside by the Company to provide pension, retirement or similar benefits. Save as set out in this paragraph 4.2, there are no existing or proposed service contracts or letters of engagement between any Director and the Company.

4.3. No Director has, or has had, any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company and which has been effected by the Company since its date of incorporation.

- 4.4. No loan or guarantee has been granted or provided by the Company for the benefit of the Directors.
- 4.5. The Directors do not have any options over Shares. The Directors have confirmed they (and/or their connected persons) intend to subscribe in the Issues for the following number of Shares either by electing for the Rollover Option in accordance with the AGIT Scheme and/or applying for Ordinary Shares and/or ZDP Shares pursuant to the Offer for Subscription:

<i>Name</i>	<i>Ordinary Shares</i>	<i>ZDP Shares</i>
Jonathan Cartwright	30,900	13,000
Graeme Bissett	24,000	6,000
Dominic Fisher	183,200	—
Angus Gordon Lennox	421,800	—
Graham Menzies	346,800	—

The partners of Aberforth Partners have indicated that they, and their connected persons, intend to elect for the relevant Rollover Option in respect of their interests in AGIT Shares (valued, in aggregate, at approximately £14.4 million as at 17 May 2017). In addition, the partners and their connected persons intend to subscribe for at least £2 million of Ordinary Shares under the Placing and Offer.

- 4.6. There are no different voting rights for any Shareholder, save those which derive from the Articles.
- 4.7. Details of those companies (other than the Company) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time during the five years immediately preceding the date of this document (apart from their directorships of the subsidiaries of any issuers of which the Directors are or have been members of the administrative, management or supervisory bodies) are as follows:

<i>Name</i>	<i>Current directorships</i>	<i>Previous directorships</i>
Jonathan Cartwright	Aberforth Geared Income Trust plc, Tennants Consolidated Limited, The Income & Growth VCT plc, BlackRock Income & Growth Investment Trust plc and, Oundle School Services Company Limited	Bristow Aviation Holdings Limited, Bristow Group Inc, Caledonia Investments plc and Edinburgh Crystal Glass Company Limited
Graeme Bissett	Macfarlane Group plc, Smart Metering Systems plc, Cruden Holdings Limited, Curo Compensation Limited, The Scottish Futures Trust Limited, Realizzare Limited, Anderson Strathern LLP, the Scottish Association of Citizens Advice Bureaux, the Court of University of Glasgow and the Joint Management Board of Scotland Office	InterBulk Group plc, Town House Collection Limited, Black Circles Holdings Limited, Field of Dreams

<i>Name</i>	<i>Current directorships</i>	<i>Previous directorships</i>
Dominic Fisher, OBE	Aberforth Geared Income Trust plc and Thistledown Investment Management Limited	OLIM Limited, Wardes LLP
Angus Gordon Lennox	Securities Trust of Scotland plc, Spey Fishing Trust Limited, The Mercantile Investment Trust plc, The Walled Garden Trading Company Limited, G.C. and Gordon Lennox Estate Company Limited	J.P. Morgan Cazenove Service Company
Graham Menzies	Aberforth Geared Income Trust plc	Senior plc Heywood Williams Group plc and Yule Catto & Co plc Adwest Automotive plc, Howden plc, St Ives plc, UK Coal plc, Colt Group Limited, Ronaldsway Aircraft Company Limited, RIC (UK) Limited and Arran Isle Limited

4.8. As at the date of this document none of the Directors:

4.8.1. has any convictions in relation to fraudulent offences for at least the previous five years;

4.8.2. has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 4.7 of this Part 6; or

4.8.3. has been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

4.9. There are no potential conflicts of interest between any duties of the Directors to the Company and their private interests and/or other duties. All of the Directors are independent of the Investment Managers and any other company in the same group of companies as the Investment Managers.

## **5. Substantial Share interests**

As at 17 May 2017 (being the latest practicable date prior to the publication of this document) Alistair Whyte (a partner of Aberforth Partners) has indicated that he intends (based on the Assumptions) to elect and subscribe for approximately 7.7 million Ordinary Shares, in aggregate, pursuant to the Issues. Based on the Assumptions, Mr Whyte is currently expected to be directly or indirectly interested in approximately 4.8 per cent. of the issued ordinary share capital of the Company following Admission.

The Company is not aware of any other persons who (based on the Assumptions) following Admission directly or indirectly would be interested in three per cent. or more of the Company's issued ordinary share capital.

As at the close of business on 17 May 2017 (being the latest practicable date prior to the publication of this document) the Directors are not aware of any persons who could, directly or indirectly, jointly or severally, own or exercise control over the Company or of any arrangements, the operation of which may result in a change of control of the Company.

## **6. Material contracts**

The following are the only material contracts (being contracts other than contracts entered into in the ordinary course of business) that have been entered into by the Company since its incorporation to the date of publication of this document. The Company is not party to any other contract that contains any provisions under which the Company has any obligations or entitlements which are material as at the date of this document.

### **6.1. Investment Management Agreement**

The Investment Management Agreement between the Company and the Investment Managers whereby the Company appoints the Investment Managers (subject to the instructions and directions of the Directors and to the investment policy of the Company) to manage the investments and other assets of the Company and provide secretarial and administrative services to the Company was entered into on 10 May 2017. The Company will pay to the Investment Managers the annual Investment Management Fee (exclusive of VAT which will be added where applicable) of 0.75 per cent. of the Company's Total Assets.

The appointment of Aberforth Partners as investment manager is subject to termination: (a) by either party giving to the other not less than six months' written notice; or (b) on the later of (i) the Planned Winding Up Date (or such later winding up date as the Shareholders may determine in accordance with the Articles); and (ii) such date as the Investment Managers and the Company may agree in order to allow for an orderly cessation of management of the Company's investments or for any other purpose. The appointment may be terminated by the Company by a lesser period of notice although there shall be payable to the Investment Managers by the Company compensation of an amount equal to the fee which the Investment Managers would have been entitled to receive if it had continued to supply investment management services for the unexpired notice period. In exceptional circumstances the Company would be able to summarily terminate the Investment Management Agreement without having to pay any compensation to Aberforth Partners.

### **6.2. Placing Agreement**

The Company, the Investment Managers and J.P. Morgan Cazenove have entered into the Placing Agreement on 19 May 2017 in terms of which J.P. Morgan Cazenove has conditionally agreed to use reasonable endeavours to procure persons to acquire Shares in the Placing. The obligations of J.P. Morgan Cazenove under the Placing Agreement are conditional upon, *inter alia*, the Minimum Share Subscription Amount being received by the Company, the passing of the Scheme resolutions and the Admission Condition being satisfied on the Scheme Effective Date. J.P. Morgan Cazenove will have the right to terminate the Placing Agreement (and therefore abort Admission) *inter alia* in the event of a material adverse event occurring or trading generally on a major financial market being suspended which makes it impracticable or inadvisable to proceed with the Issues. The Placing Agreement contains a long stop date of 31 July 2017 prior to which Admission has to have occurred or the Placing Agreement will cease. Subject to the Placing Agreement becoming unconditional, the Company shall pay to J.P. Morgan Cazenove a corporate finance fee of £75,000 (plus VAT), a fee equal to 0.75 per cent. of the gross proceeds of the issue of the Ordinary Shares and the ZDP Shares under the Placing and Offer and a fee equal to 0.15 per cent. of the value of the AGIT Rollover Portfolio. J.P. Morgan Cazenove is also entitled to be paid its legal and other expenses incurred in connection with the Issue up to a capped amount of £55,000 (inclusive of VAT if any).

### **6.3. Placing Agent's engagement letter**

The Company has engaged Kepler Partners, pursuant to the terms of their engagement letter dated 10 May 2017 to act as placing agent. Kepler Partners has conditionally agreed to use reasonable endeavours to procure persons to acquire Shares in the Placing. The obligations of Kepler Partners are conditional upon, *inter alia*, Admission. The Company shall pay to Kepler Partners a fee equal to 0.5 per cent. of the gross proceeds of the issue of the Ordinary Shares and the ZDP Shares under the Placing and a fee equal to 0.1 per cent. of the value of the AGIT Rollover Portfolio.

#### 6.4. **Depository Agreement**

The Company, the AIFM and the Depository have entered into an agreement dated 10 May 2017 pursuant to which the Depository agrees to provide depository and certain other services to the Company. Pursuant to the terms of the Depository Agreement, the Depository will receive a safe-keeping fee and transaction fees, which will vary depending on the jurisdiction in which the assets are held and the market on which the securities are listed. The Depository Agreement may be terminated by any party giving to the other not less than six months' written notice. The Depository Agreement may be terminated immediately by any party on notice in writing following the AIFM or the Depository suffering an insolvency event.

#### 6.5. **Transfer Agreement**

If the Special Scheme Resolutions to be proposed at the First Meeting and Second Meeting to be held on 15 June 2017 and on 30 June 2017 respectively are passed, the Company will enter into the Transfer Agreement with the liquidators of AGIT (in their personal capacity and on behalf of AGIT), pursuant to which the undertaking and assets of AGIT which form the AGIT Rollover Portfolio will be transferred to the Company in consideration for the issue of Ordinary Shares and ZDP Shares to AGIT Shareholders in accordance with the provisions of the AGIT Scheme. The undertaking and assets of AGIT which form the Remaining AGIT Portfolio will also be transferred to the Company in consideration for a cash payment equal to the Net Issue Proceeds. The parties to the Transfer Agreement have entered into irrevocable undertakings, to enter into the Transfer Agreement if the Scheme Resolutions are passed.

#### 6.6. **Directors' deeds of indemnity**

The Directors have the benefit of the indemnity provision set out in the Articles (as described in paragraph 3.23 of this Part 6) in respect of losses or liabilities incurred by them arising out of their positions as Directors. The Company has entered into deeds of indemnity with the Directors dated 10 May 2017.

### 7. **Investment and other restrictions**

#### 7.1. In addition to those restrictions set out in Part 1 of this document, in accordance with the requirements of the UK Listing Authority, the Company:

7.1.1. will not invest more than 10 per cent. in aggregate of the value of the total assets of the Company as at the time when Admission becomes effective in other investment companies or investment trusts which are listed on the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15 per cent. of their total assets in other investment companies or investment trusts which are listed on the Official List);

7.1.2. will not conduct any trading activity which is significant in the context of the Company as a whole; and

7.1.3. will, at all times, invest and manage its assets, in a way which is consistent with its object of spreading investment risk and in accordance with its published investment policy.

#### 7.2. In accordance with the requirements of the UK Listing Authority, the Company will not make any material change to its published investment policy without the approval of its shareholders by ordinary resolution passed at a general meeting of the Company. The Company will also not make any material change to its published investment policy which appears likely, in the reasonable opinion of the Directors, to be materially prejudicial to the rights of the ZDP Shareholders under the Articles without the consent in writing of the holders of not less than three-fourths in nominal value of the issued ZDP Shares (excluding any ZDP Shares held in treasury) or the sanction of the ZDP Shareholders by way of a special resolution passed at a separate general meeting of such class of ZDP Shareholders. Such an alteration would be announced by the Company through a Regulatory Information Service.

#### 7.3. In the event of any breach of the Company's investment policy or of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the

Company and/or the Investment Managers (at the time of such a breach) by an announcement issued through a Regulatory Information Service.

## 8. Related party transactions

Save for the Investment Management Agreement and the deeds of indemnity entered into by the Company with Directors (described in paragraph 6.6 of this Part 6) the Company is not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) in the period from the incorporation of the Company to the date of this document.

## 9. Analysis of AGIT's portfolio

As at 17 May 2017 (being the latest practicable date prior to the publication of this document), AGIT's portfolio comprised 69 investments with an aggregate unaudited value, calculated in accordance with AGIT's accounting policies of £337.1 million. AGIT had cash and cash equivalent resources of £56.4 million which, given AGIT's planned winding up date of 30 June 2017, is more cash than AGIT would normally hold. The following tables show the distribution of AGIT's portfolio by region, sector, asset class, and currency as at 17 May 2017:

<i>By Region</i>	<i>per cent.</i>
UK	100.0
	<hr style="border-top: 1px solid black;"/>
	100.0
	<hr style="border-top: 3px double black;"/>
<i>By Sector</i>	
Industrials	33.9
Consumer Services	17.5
Technology	5.1
Health Care	—
Utilities	—
Consumer Goods	9.1
Oil & Gas	0.5
Telecommunications	1.2
Financials	15.5
Basic Materials	2.9
Cash and cash equivalents	14.3
	<hr style="border-top: 1px solid black;"/>
	100.0
	<hr style="border-top: 3px double black;"/>
<i>By FTSE Index Classification</i>	
FTSE 100	—
FTSE 250	42.4
FTSE SmallCap	27.5
FTSE Fledging	2.7
Not in FTSE	13.1
Cash and cash equivalents	14.3
	<hr style="border-top: 1px solid black;"/>
	100.0
	<hr style="border-top: 3px double black;"/>
<i>By Asset Class</i>	
Equity	85.7
Cash and cash equivalents	14.3
	<hr style="border-top: 1px solid black;"/>
	100.0
	<hr style="border-top: 3px double black;"/>
<i>By Currency</i>	
Euro	—
Sterling	100.0
	<hr style="border-top: 1px solid black;"/>
	100.0
	<hr style="border-top: 3px double black;"/>

The above portfolio analysis is an indication only provided as at 17 May 2017. It should be noted that AGIT's portfolio is likely to change up to its planned winding up date of 30 June 2017 and the above will not necessarily represent the AGIT Rollover Portfolio or the Remaining AGIT Portfolio.

## **10. Financial information**

- 10.1. Deloitte LLP which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales has been appointed auditor of the Company and has been the only auditor since its incorporation.
- 10.2. The annual report and accounts of the Company will be prepared in Sterling according to FRS 102.
- 10.3. The Company's accounting period will end on 30 June of each year, with the first period ending on 30 June 2018.
- 10.4. The Company has not commenced operations since its incorporation on 19 April 2017 and no financial statements of the Company have been made up as at the date of this document. As at 17 May 2017, the Company's issued share capital consists of 100 Ordinary Shares of 1p each and 50,000 Redeemable Shares of £1 each which have been issued in accordance with the provisions of the Articles. The Company's main source of funds is expected to be the dividends received from its investments and the proceeds from the disposal of its investments. The Company's main expenditure will be the fees payable to the Investment Managers, the Directors and Depositary and the costs of buying investments.
- 10.5. The Company is of the opinion taking into account the Minimum Net Proceeds of the Issues that the working capital available to the Company is sufficient for its present requirements (that is for at least the next 12 months from the date of this document).
- 10.6. As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness.
- 10.7. There has been no significant change in the trading or financial position of the Company since its incorporation.
- 10.8. The effect of the Issues will be to increase the net assets of the Company. On the assumption that the Issue is subscribed as to 160 million Ordinary Shares and 40 million ZDP Shares, the Issues are expected, on the basis of the Assumptions, to increase the net assets by £197.4 million. The Issues are expected to be earnings-enhancing.

## **11. General information**

- 11.1. There are no governmental, legal or arbitration proceedings (and, in so far as the Company is aware, there are no governmental, legal or arbitration proceedings pending or threatened) which may have, or have had since incorporation, significant effects on the Company's financial position or profitability.
- 11.2. The Company has no subsidiaries.
- 11.3. The Company does not have any employees and does not own any premises.
- 11.4. Dickson Minto W.S. has given and not withdrawn its written consent to the issue of this document with inclusion therein of its name in the form and context in which they are included.
- 11.5. J.P. Morgan Cazenove has given and not withdrawn its written consent to the issue of this document with inclusion therein of its name in the form and context in which they are included.
- 11.6. Kepler has given and not withdrawn its written consent to the issue of this document with inclusion therein of its name in the form and context in which they are included.
- 11.7. As at the Latest Practicable Date, there have been no public takeover bids by third parties in respect of the Company's share capital since incorporation.

## **12. Eligibility for investment UCITS or NURS**

The Company has been advised that the Ordinary Shares and ZDP Shares are “transferable securities” and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a closed-ended investment company incorporated in England and Wales as a public limited company; (ii) the Ordinary Shares and ZDP Shares are to be admitted to the premium segment and the standard segment of the UK Official List respectively; and (iii) the Investment Manager is regulated by the FCA. The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that UCITS or NURS, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Schemes Sourcebook of the FCA Handbook.

## **13. Mandatory bids, squeeze-out and sell-out rules**

### **13.1. Mandatory bids**

As a company incorporated in England and Wales with shares to be admitted to trading on the London Stock Exchange, the Company will be subject to the provisions of the Takeover Code. The Takeover Code is issued and administered by the Panel on Takeovers and Mergers. The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Takeovers Directive. Following the implementation of the Takeovers Directive, the rules set out in the Takeover Code which are derived from the Takeovers Directive now have a statutory basis in the United Kingdom.

Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Company.

For the purposes of the Takeover Code, the Ordinary Shares are equity share capital but the ZDP Shares are not equity share capital.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares may take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buy back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

### **13.2. Squeeze-out and sell-out rules**

Other than as provided by the Act, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Shares.

## **14. Restrictions on Transfer**

### **14.1. General**

The distribution of this document and offer of Ordinary Shares and/or ZDP Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions, including those in paragraph 14.2 of this Part 6. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

### **14.2. European Economic Area**

14.2.1. In relation to each of the EEA States (other than the UK) which has implemented the Prospectus Directive (each, a “relevant member state”), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member

state (the “relevant implementation date”) no Ordinary Shares or ZDP Shares have been offered or will be offered pursuant to an offer to the public in that relevant member state, except that with effect from and including the relevant implementation date, offers of Ordinary Shares and ZDP Shares may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual net turnover of more than €50 million as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Company of a prospectus pursuant to article 3 of the Prospectus Directive,

provided that no such offer of Ordinary Shares and/or ZDP Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a relevant member state and each person who initially acquires any Ordinary Shares and/or ZDP Shares or to whom any offer is made under the Offer will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of article 2(1)(e) of the Prospectus Directive.

14.2.2. For the purpose of the expression an “offer of any Ordinary Shares/ZDP Shares to the public” in relation to any Ordinary Shares or ZDP Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Issue and the terms of the Offer of any Ordinary Shares or ZDP Shares, so as to enable a potential investor to decide to purchase or subscribe for the New Shares, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

## **15. Disclosure requirements and notification of interest in shares**

15.1. Under Chapter 5 of the Disclosure Guidance and Transparency Rules, subject to certain limited exceptions, a person must notify the Company (and, at the same time, the FCA) of the percentage of voting rights he holds (within two trading days) if he acquires or disposes of shares in the Company to which voting rights are attached and if, as a result of the acquisition or disposal, the percentage of voting rights which he holds as a shareholder (or, in certain cases, which he holds indirectly) or through his direct or indirect holding of certain types of financial instruments (or a combination of such holdings):

15.1.1. reaches, exceeds or falls below three per cent. and each one per cent. threshold thereafter; or

15.1.2. reaches, exceeds or falls below an applicable threshold in paragraph 15.1.1 of this Part 6 above as a result of events changing the breakdown of voting rights and on the basis of the total voting rights notified to the market by the Company.

15.2. Such notification must be made using the prescribed form TR1 available from the FCA’s website at <http://www.fca.gov.uk>. Under the Disclosure Guidance and Transparency Rules, the Company must announce the notification to the public as soon as possible and in any event by not later than the end of the trading day following receipt of a notification in relation to voting rights.

15.3. The FCA may take enforcement action against a person holding voting rights who has not complied with chapter 5 of the Disclosure Guidance and Transparency Rules.

**16. Documents available for inspection**

Copies of the following documents are available for inspection in person during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW until 31 July 2017:

- (i) the memorandum of the Company and the Articles;
- (ii) the letters of appointment as referred to in paragraph 4.2 of this Part 6;
- (iii) this document.

**17. Availability of Prospectus**

The Prospectus is available for inspection at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do) and, until the Offer for Subscription closes, copies are available for collection, free of charge, from the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW on any weekday (Saturdays, Sundays and English public holidays excepted).

19 May 2017

## TERMS AND CONDITIONS OF THE PLACING

### 1. Introduction

- 1.1. Each Placee which confirms its agreement (whether orally or in writing) to, JPMC to subscribe for Ordinary Shares and/or ZDP Shares under the Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2. The Company and/or JPMC may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (a “Placing Letter”).

### 2. Agreement to Subscribe for Ordinary Shares and ZDP Shares

Conditional on: (i) the Admission Condition being satisfied; (ii) the Placing Agreement becoming unconditional in all respects by the Scheme Effective Date and not having been terminated on or before the date of Admission; and (iii) JPMC confirming to the Placees its allocation of Ordinary Shares and ZDP Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares and ZDP Shares allocated to it by JPMC at the Issue Price under the Placing. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

### 3. Payment for Ordinary Shares and ZDP Shares

Each Placee must pay the relevant price for the Ordinary Shares and ZDP Shares issued to the Placee in the manner and by the time directed by JPMC. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee’s application for Ordinary Shares and ZDP Shares shall be rejected.

### 4. Representations and Warranties

By agreeing to subscribe for Ordinary Shares and/or ZDP Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares and/or ZDP Shares will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and/or ZDP Shares and any nominee(s) for any such person(s)) be deemed to agree, represent and warrant to each of the Company, the Investment Managers, JPMC and Kepler that:

- 4.1. in agreeing to subscribe for Ordinary Shares and/or ZDP Shares under the Placing, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company or the Placing. It agrees that none of the Company, the Investment Managers, JPMC or Kepler, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2. the content of this document is exclusively the responsibility of the Company and its Board and apart from the liabilities and responsibilities, if any, which may be imposed on JPMC under any regulatory regime, JPMC, Kepler nor any person acting on their behalf nor any of their affiliates makes any representation, express or implied, nor accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by them or on its or their behalf in connection with the Company, the Ordinary Shares, the ZDP Shares or the Issues;
- 4.3. if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares and/or ZDP Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Managers, JPMC or Kepler or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements,

- directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;
- 4.4. it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and/or the ZDP Shares and it is not acting on a non-discretionary basis for any such person;
  - 4.5. it agrees that, having had the opportunity to read this document, it shall be deemed to have had notice of all information and representations contained in this Prospectus, that it is acquiring Ordinary Shares and/or ZDP Shares solely on the basis of this Prospectus and no other information and that in accepting a participation in the Placing it has had access to all information it believes necessary or appropriate in connection with its decision to subscribe for Ordinary Shares and/or ZDP Shares;
  - 4.6. it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Managers, JPMC or Kepler;
  - 4.7. it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
  - 4.8. it accepts that none of the Ordinary Shares nor the ZDP Shares have been or will be registered under the laws of the United States, Canada, Australia, Japan or New Zealand or any other jurisdiction where the availability of the Placing would breach any applicable law (an “Excluded Territory”). Accordingly, neither the Ordinary Shares nor the ZDP Shares may be offered, sold or delivered, directly or indirectly, within any Excluded Territory;
  - 4.9. if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Ordinary Shares or ZDP Shares may lawfully be offered under that other jurisdiction’s laws and regulations;
  - 4.10. if it is a resident in the EEA (other than the United Kingdom, the Channel Islands or the Isle of Man), it is a qualified investor within the meaning of the law in the Relevant Member State implementing article 2(1)(e) of the Prospectus Directive;
  - 4.11. if it is outside the United Kingdom, the Channel Islands or the Isle of Man, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares or ZDP Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares and ZDP Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
  - 4.12. it acknowledges that neither JPMC nor Kepler nor any of their respective affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and participation in the Placing is on the basis that it is not and will not be a client of JPMC or Kepler or any of their affiliates and that JPMC, Kepler and any of its affiliates do not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertaking or indemnities contained in this document;
  - 4.13. it acknowledges that where it is subscribing for Ordinary Shares and/or ZDP Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares and/or ZDP Shares for each such account; (ii) to make on behalf of each such account the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to

the Placing in the form provided by the Company and/or JPMC and/or Kepler. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares and/or ZDP Shares by or on behalf of any such account;

- 4.14. it irrevocably appoints any Director and any director of JPMC or Kepler to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares and/or ZDP Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- 4.15. it accepts that if the Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the Ordinary Shares or ZDP Shares for which valid application are received and accepted are not admitted to listing and trading on the Official List and the Main Market (respectively) for any reason whatsoever then none of the Company, the Investment Managers, JPMC or Kepler or any of their affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.16. in connection with its participation in the Placing it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and countering terrorist financing and that its application is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 4.17. JPMC, Aberforth Partners and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them (or any agent acting on their behalf);
- 4.18. the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that JPMC, Kepler, Aberforth Partners the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares and/or ZDP Shares are no longer accurate, it shall promptly notify JPMC, Aberforth Partners, Kepler and the Company;
- 4.19. where it or any person acting on behalf of it is dealing with JPMC, any money held in an account with JPMC on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the Financial Conduct Authority which therefore will not require JPMC to segregate such money, as that money will be held by JPMC under a banking relationship and not as trustee;
- 4.20. any of its clients, whether or not identified to JPMC or any of their affiliates or agents, will remain its sole responsibility and will not become clients of JPMC or any of its affiliates or agents for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
- 4.21. it accepts that the allocation of Ordinary Shares and/or ZDP Shares shall be determined by the Board (in consultation with JPMC and the Investment Managers) in its absolute discretion and that such persons may scale down any commitments for this purpose on such basis as they may determine; and
- 4.22. time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and/or ZDP Shares and to comply with its other obligations under the Placing.

## **5. Supply and Disclosure of Information**

If JPMC, Kepler, Aberforth Partners the Company or any of their agents request any information in connection with a Placee's agreement to subscribe for Ordinary Shares and/or ZDP Shares under the Placing or to comply with any relevant legislation, such Placee must promptly disclose it to them.

## **6. Miscellaneous**

- 6.1. The rights and remedies of JPMC, Kepler, Aberforth Partners and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 6.2. On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 6.3. Each Placee agrees to be bound by the Articles (as amended from time to time) once the Ordinary Shares and/or the ZDP Shares, which the Placee has agreed to subscribe for pursuant to the Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares and/or ZDP Shares under the Placing and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, JPMC, Aberforth Partners and Kepler, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.
- 6.4. In the case of a joint agreement to subscribe for Ordinary Shares and/or ZDP Shares under the Placing, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 6.5. JPMC, Aberforth Partners and the Company expressly reserve the right to modify the Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined.
- 6.6. The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 6.2 of Part 6 of this document.

## TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER

### Introduction

These Terms and Conditions of Application apply to any application made under the Offer. If you apply for Shares in the Offer, you will be agreeing with the Company, J.P. Morgan Cazenove, Kepler Partners the Investment Managers and the Receiving Agent (together, the “**Company and its agents**”) as follows.

### Offer to acquire Shares

1. Applications must be made on the Application Form attached at the end of the Prospectus or otherwise published by the Company. All applications in the Offer must be for Shares with a minimum aggregate subscription price of £1,000 and, if your application is for Shares with an aggregate subscription price of more than £1,000, it must be for a sum which is a multiple of £100.
2. By completing and delivering an Application Form, you, as the applicant, or, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
  - 2.1. offer to subscribe for the number of Ordinary Shares and/or ZDP Shares with an aggregate subscription price at the Issue Price that you have specified in your Application Form (or such lesser amount for which your application is accepted) on the terms, and subject to the conditions, set out in the Prospectus, these Terms and Conditions of Application, the guidance notes accompanying your Application Form and the Articles;
  - 2.2. agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer any Shares to any person other than by means of the procedures referred to in this document (including, for the avoidance of doubt and without limitation, in relation to the Scheme), your application may not be revoked until after 3 July 2017 (or such later date as the Company and its agents may agree, not being later than 31 July 2017). You agree that this paragraph constitutes an irrevocable collateral contract between you, the Company, J.P. Morgan Cazenove, Kepler, the Investment Managers and the Receiving Agent, which will become binding when your Application Form is received by the Receiving Agent;
  - 2.3. undertake to pay (by cheque or banker’s draft) the Issue Price for the Shares (payable in full on application) in respect of which your application is accepted and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the Shares applied for or to enjoy or receive any rights or distributions in respect of such Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Company and its agents against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) terminate the agreement to allocate Shares to you, without liability to you, and may allocate them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund to you at your risk of any proceeds or remittance which accompanied your Application Form and which is received by the Receiving Agent in cleared funds, without interest);
  - 2.4. agree that any share certificate in respect of a Share to which you may become entitled and moneys returnable may be retained, without interest, by the Receiving Agent:
    - 2.4.1. pending clearance of your remittance;
    - 2.4.2. pending investigation of any suspected breach of the warranties contained in paragraph 10 below or any other suspected breach of these Terms and Conditions of Application; or

- 2.4.3. pending any verification of identity which is, or which the Company and its agents consider may be, required for the purposes of the Money Laundering Regulations 2007;
  - 2.5. agree that any error in the register of members of the Company arising as a result of your remittance not being honoured on first presentation or as a result of any other error in connection with your application for Shares, or as a result of termination of any agreement to allocate Shares pursuant to paragraphs 2.3 or 2.7 of these Terms and Conditions of Application, may be rectified and, in addition and without prejudice to the foregoing, you hereby irrevocably authorise the Company, or any person appointed by it for this purpose, to execute on your behalf any instrument of transfer which may be necessary to effect any re-allocation or sale of Shares to any other person arising as a result of the foregoing. The right to rectify the register of members of the Company, and/or the power to re-allocate or sell Shares contained in this paragraph, are in addition to any other rights, powers and remedies which would otherwise be available to the Company in the event of a breach by you of these Terms and Conditions of Application;
  - 2.6. agree, on the request of the Company or any of its agents, to disclose promptly in writing to any of them such information as the Company or its agents may request in connection with your application and you agree that information relating to applications will be retained by the Receiving Agent in connection with the Offer and may be disclosed as contemplated by the Money Laundering Regulations 2007;
  - 2.7. agree that if evidence of identity satisfactory to the Company and its agents is not provided to the Company or its agents within a reasonable time (in the opinion of the Company) following a request therefor, any agreement with you to allocate Shares may be terminated and, in such case, the Shares which would otherwise have been allocated to you may be re-allocated and your application monies will be returned to the bank or other account on which the cheque or other remittance accompanying the application was drawn without interest;
  - 2.8. agree that you are not applying on behalf of a person who is, or who you have a suspicion may be, engaged in money laundering;
  - 2.9. undertake to ensure that, in the case of your Application Form being signed by someone other than you, the original of the relevant power of attorney or other authority (or a complete copy certified as true by a solicitor or a bank) is enclosed with your Application Form;
  - 2.10. undertake to pay interest at the rate prescribed in paragraph 6 if the remittance accompanying your Application Form is not honoured on first presentation;
  - 2.11. authorise the Receiving Agent on behalf of the Company to send definitive certificates or credit your CREST account in respect of the number of Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post to your address as set out in your Application Form;
  - 2.12. confirm that you have read and complied with paragraphs 22 and 23; and
  - 2.13. agree that your Application Form is addressed to the Company and its agents.
3. Any application may be rejected in whole or in part at the sole discretion of the Company.

#### **Acceptance of your offer**

4. You agree that acceptance of your application, if it is received valid (or treated as valid), processed (and not rejected) and provided that it is not rejected subsequently as a result of a failure by you to comply with these Terms and Conditions of Application, shall be constituted at the election of the Company, after consultation with J.P. Morgan Cazenove, and the Investment Managers either:
  - 4.1. by notifying the London Stock Exchange of the basis of allocation (in which case the acceptance will be on that basis); or
  - 4.2. by notifying acceptance to the Receiving Agent.

5. The Company and its agents reserve the right to treat as valid any application not complying fully with these Terms and Conditions of Application or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. The Company and its agents reserve the right to waive in whole or in part any of the provisions of these Terms and Conditions of Application, either generally or in respect of one or more applications. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed in some other manner satisfactory to the Company and its agents to apply in accordance with these Terms and Conditions of Application.
6. The right is reserved to present all cheques for payment on receipt by the Receiving Agent and to retain documents of title and surplus application moneys pending clearance of successful applicants' cheques. The Company may require you to pay interest or its other resulting costs (or both) if the cheque accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Company to be the interest on the amount of the cheque from the date on which the basis of allocation under the Offer is publicly announced, until the date of receipt of cleared funds. The rate of interest will be the published bank base rate of a clearing bank selected by the Company plus two per cent. per annum.

### **Conditions**

7. The contracts created by the acceptance of applications (in whole or in part) under the Offer will be conditional upon:
  - 7.1. passing of the resolutions to approve the AGIT Scheme at the general meetings of AGIT Shareholders and the AGIT Scheme becoming unconditional;
  - 7.2. the Minimum Share Subscription Amount being received pursuant to the Proposals;
  - 7.3. each of the conditions of the Scheme being satisfied;
  - 7.4. the Admission Condition being satisfied by 30 June 2017 and Admission occurring on 3 July 2017 (or such later date, not being later than 31 July 2017, as the Company, J.P. Morgan Cazenove and the Investment Managers may agree); and
  - 7.5. the Placing Agreement referred to in paragraph 6.2 of Part 6 of this document becoming unconditional and not having been terminated in accordance with its terms prior to Admission. The Company expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Offer.
8. You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other rights you may have.

### **Return of application monies**

9. If any application is not accepted, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest in Sterling by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled within 14 days thereafter, save where such amount is less than £5.00. In the meantime, application monies will be retained by the Receiving Agent in a separate non interest bearing account.

### **Warranties**

10. By completing an Application Form, you:
  - 10.1. warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified as true by a solicitor or a bank;

- 10.2. warrant that you are resident in the United Kingdom, the Channel Islands or the Isle of Man and acknowledge that the Offer for Subscription is being made in the United Kingdom, the Channel Islands or the Isle of Man only and no action has been taken to permit a public offer in any other jurisdiction and warrant that, if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or its agents or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer or your application;
- 10.3. confirm that in making an application you are not relying on any information or representations in relation to the Company and the Shares other than that contained in the Prospectus (as may be supplemented by a supplementary prospectus) on the basis of which alone your application is made, and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representations;
- 10.4. acknowledge that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in the Prospectus (as may be supplemented by a supplementary prospectus) and, if given or made, any information or representation must not be relied upon as having been authorised by the Company or any of its agents;
- 10.5. warrant that you are either a company or other body corporate duly incorporated and validly existing with authority to sign the Application Form and to apply for Shares or an individual who is not under the age of 18 on the date of your application;
- 10.6. agree that all documents and monies sent by post to you, by or on behalf of the Company or any of its agents will be sent at your risk and, in the case of documents and returned monies to be sent to you, may be sent to you at your address as set out in your Application Form;
- 10.7. confirm that you have reviewed the restrictions contained in the section entitled "Overseas investors" in paragraphs 22 and 23 and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions of such section;
- 10.8. warrant that you are not in the United States, or subscribing for the Shares for the account of any person in the United States, and are not a Canadian person, or an individual, corporation or other entity resident in Japan, Australia or New Zealand; and
- 10.9. warrant that the details relating to you as set out in your Application Form are correct.

### **Allocations**

11. The basis of allocation will be determined at the sole discretion of the Board (in consultation with J.P. Morgan Cazenove and the Investment Managers). The right is reserved, notwithstanding such basis, to reject in whole or in part and/or scale down any application.

### **Miscellaneous**

12. To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Shares and the Offer.
13. The rights and remedies of the Company and its agents under these Terms and Conditions of Application are in addition to any rights and remedies which would otherwise be available to them, and the exercise or partial exercise of one will not prevent the exercise of others.

14. You agree that J.P. Morgan Cazenove and Kepler Partners are acting for the Company in connection with the Issue and for no-one else and J.P. Morgan Cazenove and Kepler Partners will not treat you as their client by virtue of such application being accepted or owe you any duties concerning the price of Shares or concerning the suitability of Shares for you or otherwise in relation to the Issue.
15. You authorise the Company or any person authorised by the Company, as your agent, to do all things necessary to effect registration of any Shares subscribed for by you in your name and authorise any representatives of the Receiving Agent to execute and/or complete any document required therefor.
16. You agree that it is a condition of application that any information supplied by an applicant or on his behalf or derived from the processing thereof may be used by the Receiving Agent or the Company and/or disclosed to the Company, its agents or advisers in connection with and for the purposes of the Issue and, for the purposes of the Data Protection Act 1998 (or any statutory modification or substitution of that section), you provide your consent to the use and disclosure of this information.
17. You agree that a failure to receive, process or accept your application for Shares does not give rise to any right of action by any person against the Company, J.P. Morgan Cazenove, Kepler, the Investment Managers, the Receiving Agent or any other person. You agree that the non-receipt by any person of the Prospectus or any other related document shall not invalidate the Issue in whole or in part or give rise to any right of action by any person against the Company, J.P. Morgan Cazenove, Kepler, the Investment Managers, the Receiving Agent or any other person.
18. You agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer shall be governed by and construed in accordance with English law and that, for the benefit of the Company, J.P. Morgan Cazenove, Kepler, the Investment Managers, and the Receiving Agent, you submit to the non-exclusive jurisdiction of the English courts and agree that nothing shall limit the right of the Company, J.P. Morgan Cazenove, Kepler, the Investment Managers, the Receiving Agent or their agents or advisers to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances and contracts in any other manner permitted by law or in any court of competent jurisdiction.
19. Completed Application Forms, together with payment, must be returned so as to be received by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 1.00 p.m. on 19 June 2017. An Application Form which is sent by post or delivered by hand (as described above) will be treated as having been received only when it is received by the Receiving Agent.

#### **Money laundering and AEOI (Tax Domicile Disclosure)**

20. You agree that, in order to ensure compliance with all the relevant AEOI tax domicile disclosure requirements and the Money Laundering Regulations 2007, the Receiving Agent may at its absolute discretion require, and you will provide, evidence which is satisfactory to it to establish your identity or that of any person on whose behalf you are acting and/or your status or which it may otherwise, at its absolute discretion, require with regard to its obligations under the Money Laundering Regulations 2007. Without prejudice to the generality of the foregoing such evidence may be required if you either:
  - 20.1. tender payment by way of banker's draft or cheque or money order (in which case verification of your identity may be required); or
  - 20.2. appear to the Receiving Agent to be acting on behalf of some other person (in which case verification of the identify of any persons on whose behalf you appear to be acting may be required).

Failure to provide the necessary evidence of identity may result in application(s) being rejected or delays in the despatch of documents.

21. Without prejudice to the generality of paragraph 20, verification of the identity of applicants may be required if the total price of the Shares applied for, whether in one or more applications, exceeds

£13,000 (approximately equivalent to €15,000). If in such circumstances, you use a building society cheque, banker's draft or money order, you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and adds its stamp. If in such circumstances, you use a cheque drawn by a third party, you may be requested to provide a copy of your passport or driving licence certified as a true copy by a solicitor or a bank or a recent (i.e. at least within the last three months) original bank or building society statement or utility bill in your name and showing your current address (which originals will be returned by post at the applicant's risk).

### **Overseas investors**

22. The Offer for Subscription is being made in the UK, the Channel Islands or the Isle of Man only. If you receive a copy of the Prospectus or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the United Kingdom, the Channel Islands or the Isle of Man and wishing to make an application for Shares under the Offer, to satisfy yourself that you have fully observed the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory. The Company reserves the right, in its absolute discretion, to reject any application received from outside the United Kingdom, the Channel Islands or the Isle of Man.
23. Without limiting the above, the Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Japan, Australia or New Zealand or in the United States except in reliance on, or in a transaction not subject to, the registration requirements under the Securities Act or other relevant legislation. If you subscribe for Shares in the Offer you will, unless the Company agrees otherwise in writing, be deemed to represent and warrant to the Company and its agents that you are not in the United States. No application will be accepted if it bears an address in the United States or otherwise where there is cause to believe you are in the United States.

### **Definitions used in these Terms and Conditions of Application**

24. In these Terms and Conditions of Application and the Application Form the following terms have the meanings set out below:
  - “**Application Form**” means the application form for use in connection with the Offer for Subscription attached at the end of the Prospectus or any application form for use in connection with the Offer for Subscription otherwise published by or on behalf of the Company; and
  - “**Prospectus**” means the document comprising a prospectus of the Company dated 19 May 2017.
25. Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as used in the Prospectus.

## NOTES ON HOW TO COMPLETE THE APPLICATION FORM

Applications should be returned so as to be received by 1.00 p.m. on 19 June 2017.

All Applicants should read Notes 1-5. Note 6 should be read by applicants who wish to hold their New Shares in uncertificated form. Note 7 should be read by joint applicants.

### 1. Application

Fill in (in figures) the aggregate subscription price for which your application for Ordinary Shares and/or ZDP Shares is made. Your application must be for a minimum aggregate subscription price of £1,000 or, if for more than £1,000, in multiples of £100.

### 2. Amount payable

Fill in (in figures) the total amount payable for the Shares for which your application is made.

### 3. Personal details

Fill in (in block capitals) your full name, address and daytime telephone number. If this application is being made jointly with other persons, please read Note 7 before completing Box 3.

If you are making this application on behalf of another person or a corporation, that person's or corporation's details should be filled in (in block capitals) in Box 3.

### 4. Signature

The applicant named in Box 3 must date and sign Box 4.

The Application Form may be signed by another person on your behalf if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified as true by a solicitor or a bank) must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated.

### 5. Cheque/banker's draft details

Attach a cheque or banker's draft for the exact amount shown in Box 2 to your completed Application Form. Your cheque or banker's draft must be made payable to "Capita Registrars Limited RE: Aberforth Split Level Income Trust plc Offer for Subscription a/c" and crossed "a/c payee".

Your payment must relate solely to this application. No receipt will be issued. Your cheque or banker's draft must be drawn in sterling on an account where you have sole or joint title to the funds held at a bank branch in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number.

Applications with a value of £13,000 (approximately equivalent to €15,000) or greater, which are to be settled by way of a third party payment (e.g. banker's draft or building society cheque) will be subject to the United Kingdom's verification of identity requirements which are contained in the Money Laundering Regulations 2007.

This may involve verification of names and addresses (only) through a reputable agency.

If satisfactory evidence of identity has not been obtained within a reasonable time, and in any event (unless the Offer for Subscription is extended) by 1.00 p.m. on 19 May 2017, your application may not be accepted.

Certificates, cheques and all other correspondence will be sent to the address in Box 3.

### 6. Shares in uncertificated form (CREST)

If you wish your Shares to be issued in uncertificated form you should complete Box 6 in addition to the other parts of the Application Form. The CREST account must be in the same name(s) as the applicant(s).

## **7. Joint applicants**

If you make a joint application, you will not be able to transfer your Shares into an ISA. If you are interested in transferring your Shares into an ISA, the application should be made by you (or on your behalf) in your name only.

If you do wish to apply jointly, you may do so with up to three other persons. Boxes 3 and 4 must be completed by one applicant. All other persons who wish to join in the application must complete and sign Box 7.

Another person may sign on behalf of any joint applicant if that other person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified as true by a solicitor or a bank) must be enclosed for inspection.

Certificates, cheques and all other correspondence will be sent to the address in Box 3.

### **Instructions for delivery of completed Application Forms**

Completed Application Forms should be returned, by post or by hand (during normal business hours only), to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 1.00 p.m. on 19 June 2017, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow sufficient time for it to be delivered. Application Forms received after this date may be returned.

## APPLICATION FORM

### 1. Application

I/We offer to subscribe for:

£  of Ordinary Shares at the Issue Price

£  of ZDP Shares at the Issue Price

£  Total (Minimum total £1,000 and thereafter in multiples of £100)

fully paid, subject to the Terms and Conditions of Application set out in the Prospectus dated 19 May 2017 and subject to the memorandum of association and the Articles of the Company.

### 2. Amount payable

I/We attach a cheque or banker's draft for the amount payable of:

£  (minimum £1,000 and thereafter in multiples of £100)

### 3. Personal details (PLEASE USE BLOCK CAPITALS)

Mr, Mrs, Miss or Title:	Forenames (in full):
Address (in full):	
Postcode:	Daytime telephone no.:

### 4. Signatures

I/We hereby confirm that I/we have read the Prospectus and make this application on and subject to the Terms and Conditions of Application set out in the Prospectus.

Signature:	Dated: 2017
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### 5. Cheque/bankers draft details

Attach your cheque or banker's draft for the exact amount shown in Box 2 made payable to "Capita Registrars Limited re Aberforth Split Level Income Trust plc Offer for Subscription a/c".

### 6. Shares in uncertificated form (CREST)

Complete this section only if you require your Shares to be credited to a CREST account in the same name as the applicant.

CREST Participant ID: (no more than five characters)	<input type="text"/>	CREST Member Account ID: (no more than eight characters)	<input type="text"/>										
CREST Participant's Name:													

### 7. Joint applicants (PLEASE USE BLOCK CAPITALS)

BOX 7 MUST ONLY BE COMPLETED BY JOINT APPLICANTS (SEE NOTE 7)

Mr, Mrs, Miss or Title	Forenames (in full)	Surname	Signature

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## Tax Residency Self-Certification Form (Individuals)

Name of Company in which shares are held:			
<b>Investor code</b> <i>e.g. 00000999999 This can be found on your share certificate or tax voucher</i>			
<b>Part 1 – Identification of Individual Shareholder</b> <i>A separate form is required for each holder</i>			
Name of Holder:			
Address of Holder:			
<b>A. Please provide your Tax Residence Address – If different from above</b>			
Address: <i>Include your Postal or ZIP Code &amp; Country:</i>			
<b>B. Date of Birth</b> <i>(DD/MM/YYYY)</i>			
<b>Part 2 – Country/Countries of Residence for Tax Purposes</b>			
<b>Country of residence for tax purposes</b>		<b>Tax Identification Number</b> <i>In the UK this would be your NI number</i>	
1		1	
2		2	
3		3	
4		4	
<b>Part 2b – US Person</b> Please mark the box ONLY if you are a US Person (see Definitions) <input type="checkbox"/>			
<b>Part 3 – Declarations and Signature</b>			
<p>I acknowledge that the information contained in this form and information regarding my shares may be reported to the local tax authority and exchanged with tax authorities of another country or countries in which I may be tax resident where those countries have entered into Agreements to exchange Financial Account information.</p> <p>I undertake to advise the Company within 30 days of any change in circumstances which causes the information contained herein to become incorrect and to provide the Company with a suitably updated Declaration within 30 days of such change in circumstances.</p> <p>I certify that I am the shareholder (or am authorised to sign for the shareholder).</p> <p>If this relates to a joint holding: I also acknowledge that as a joint holder I may be reported to the relevant tax authority if all the other holders do not provide a Tax Residency Self-Certification.</p> <p>I declare that all statements made in this declaration are, to the best of my knowledge and belief, correct and complete.</p>			
<b>Signature:</b>			
<b>Print Name:</b>			
<b>Date:</b>			
<b>Daytime telephone number/email address</b>			

*If signing under a power of attorney, please also attach a certified copy of the power of attorney.  
We will only contact you if there is a question around the completion of the self-certification form.*

## Introduction

The law requires that Financial Institutions collect, retain and report certain information about their account holders, including their tax residency.

Please complete the form above and provide any additional information requested.

If your declared country/countries of residence for tax purposes is not the same as that of the Financial Institution and is either the US or is on the OECD list of countries which have agreed to exchange information (<http://www.oecd.org/tax/transparency/AEOI-commitments.pdf>), the Financial Institution will be obliged to share this information with its local tax authority who may then share it with other relevant local tax authorities.

Failure to validly complete and return this form will result in you being reported onwards to the relevant local tax authority. Additionally, if this form has been issued in conjunction with an application for a new holding, then your application may be adversely impacted.

Definitions of terms used in this form can be found below.

If your address (or name) has changed from that shown on the form, then you must advise us separately. Any details you enter in the "Tax Residence Address" will be used for tax purposes only and will not be used to update your registered details.

If any of the information about your tax residency changes, you are required to provide the Company with a new, updated, self-certification form within 30 days of such change in circumstances.

## Joint Holders (if relevant)

All joint holders are treated as separate holders for these tax purposes and every joint holder is required to give an Individual Tax Residency Self-Certification. If any one or more is reportable, the value of the whole shareholding will be reported for that/those joint shareholder(s).

If we do not receive the self-certification from each joint shareholder, then the whole holding will be treated as undocumented and all holders (including those who have completed the self-certification form) will be reported to the relevant tax authorities.

**If you have any remaining questions about how to complete this form or about how to determine your tax residency status you should contact your tax adviser.**

## Definitions

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("The Common Reporting Standard") <http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/> contains definitions for the terms used within it. However, the following definitions are for general guidance only to help you in completing this form.

### "Account Holder"

The Account Holder is either the person(s) whose name(s) appears on the share register of a Financial Institution. Or where Capita holds the shares on your behalf, the person whose name appears on the register of entitlement that Capita maintains.

### "Country/Countries of residence for tax purposes"

You are required to list the country or countries in which you are resident for tax purposes, together with the tax reference number which has been allocated to you, often referred to as a **tax identification number (TIN)**. Special circumstances (such as studying abroad, working overseas, or extended travel) may cause you to be resident elsewhere or resident in more than one country at the same time (dual residency). The country/countries in which you might be obliged to submit a tax return are likely to be your country/countries of tax residence. If you are a US citizen or hold a US passport or green card, you will also be considered tax resident in the US even if you live outside the US.

### **“Tax Identification Number or TIN”**

The number used to identify the shareholder in the country of residence for tax purposes.

Different countries (or jurisdictions) have different terminology for this and could include such as a National Insurance number, social security number or resident registration number. Some jurisdictions that do issue TINs have domestic law that does not require the collection of the TIN for domestic reporting purposes so that a TIN is not required to be completed by a shareholder resident in such jurisdictions. Some jurisdictions do not issue a TIN or do not issue a TIN to all residents.

### **“US Person”**

- All US citizens. An individual is a citizen if that person was born in the United States or if the individual has been naturalized as a US citizen.
- You can also be a US citizen, even if born outside the United States if one or both of your parents are US citizens.
- You are a ‘tax resident’ of the United States. You can become a tax resident under two rules: 1) The ‘substantial presence test’. This is a ‘day count test and based on the number of days you are in the US over a three year period and 2) The ‘green card’ test. A person who has obtained a ‘green card’ has been granted the right to lawful permanent residence in the United States.

**If you have any questions about these definitions or require further details about how to complete this form then please contact your tax adviser.**

**NOTHING IN THIS DOCUMENT CAN BE CONSIDERED TO BE TAX ADVICE.**

