

This document comprises a prospectus (the “**Prospectus**”) relating to Finsbury Growth & Income Trust PLC (the “**Company**”) prepared in accordance with the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 (“**FSMA**”) and made available to the public for the purposes of section 85 of FSMA. This Prospectus does not contain or constitute an offer to sell or issue New Ordinary Shares or the solicitation of an offer to buy or subscribe for New Ordinary Shares. This Prospectus has been approved by and filed with the Financial Conduct Authority in accordance with the Prospectus Rules.

Potential investors are recommended to seek advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out at pages 12 to 15 of this Prospectus.

The Company, whose registered office appears on page 42 of this Prospectus, and the Directors, whose names appear on pages 31 and 32 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

Application will be made in due course to the Financial Conduct Authority for any New Ordinary Shares issued pursuant to this Prospectus to be admitted to the Official List. Application will also be made to the London Stock Exchange for all such New Ordinary Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. The International Security Identification Number (ISIN) for the existing shares and any New Ordinary Shares admitted to listing and trading is: GB0007816068.

FINSBURY GROWTH & INCOME TRUST PLC

(incorporated and registered in Scotland with registered number SC013958, an investment company under section 833 of the Companies Act 2006 (the “Act”))

Prospectus relating to the Placing Programme of up to 30,000,000 Ordinary Shares of 25p each

Winterflood Securities Limited, acting through its division Winterflood Investment Trusts, which is authorised and regulated by the Financial Conduct Authority, is acting for the Company in connection with the issue of New Ordinary Shares as described in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Winterflood Securities Limited or for advising any such person in connection with the issue of New Ordinary Shares as described in this Prospectus.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company or Winterflood Securities Limited that would permit an offer of the New Ordinary Shares or possession or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Ordinary Shares described in this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or the securities laws of any states of the United States or under any of the relevant securities laws of Canada, Australia or Japan or their respective territories or possessions. Accordingly, the New Ordinary Shares may not (unless an exemption from such legislation or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan or their respective territories or possessions. The Company will not be registered under the United States Investment Company Act 1940 (as amended) and investors will not be entitled to the benefits of such legislation. Persons resident in territories other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of New Ordinary Shares.

In particular, the attention of persons resident in the United States, Canada, Australia, the Republic of South Africa or Japan is drawn to paragraph 22 of Part 8 of this Prospectus. This Prospectus does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

The Company will not pay commission to third parties that advise investors to subscribe for New Ordinary Shares. In relation to the Placing Programme, the New Ordinary Shares will be issued to placees at the Placing Price and no commission will be paid to any third parties that advise investors in respect of such issues under the Placing Programme.

This document has been approved by the FCA as a prospectus which may be used to offer securities to the public for the purposes of section 85 FSMA and Directive 2003/7/EC. No arrangement has however been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this document as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions.

The Company’s AIFM will ensure that it applies to the FCA for approval to market the Company’s shares at least 20 working days before the AIFMD Implementation Date, in accordance with Regulation 54 of the AIFM Regulations.

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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 New Ordinary Shares and the Company. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

It is possible that no relevant information can be given regarding a required 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 requirement | Disclosure |
|---------|--|---|
| A.1 | Introduction and warning | This summary should be read as an introduction to the Prospectus. Any decision to invest in the New Ordinary Shares should be based on consideration of the Prospectus as a whole. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation of the summary but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in New Ordinary Shares. |
| A.2 | Consent to use Prospectus in respect of Placing Programme | <p>The Company consents to the use of this Prospectus, and accepts responsibility for the contents of this Prospectus with respect to a subsequent resale or final placement of New Ordinary Shares by any financial intermediary, which has been authorised by the Company to use this Prospectus. The Company’s authorisation will last, unless revoked by the Company, in which case it will issue an RIS announcement of such revocation, until the Placing Programme closes on 15 December 2014. The New Ordinary Shares may therefore be offered by authorised financial intermediaries as a subsequent resale or final placement under this Prospectus until the Placing Programme closes. Financial intermediaries that have been authorised by the Company, may use this Prospectus in the United Kingdom.</p> <p>In the event of an offer being made by a financial intermediary authorised by the Company to use this Prospectus, the financial intermediary will provide information to investors on the terms and conditions of the offer at the time that the offer is made.</p> |

Section B – Issuer

| Element | Disclosure requirement | Disclosure | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|--|------------------------|--|------------------|---------|------|-------------|--------|------|--------------|--------|------|------------|--------|------|-----------------|--------|------|---------------------------|-------------------------|--|------------------------------|------------|-------|------------------------|-----------|-------|----------|-----------|------|------------------------------------|-----------|------|------------------------------|-----------|------|-------------------------------|-----------|------|--|-----------|------|-----------------|-----------|------|
| B.1 | Legal and commercial name | Finsbury Growth & Income Trust PLC | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.2 | Domicile, legal form, legislation and country of incorporation | The Company is a public company limited by shares, incorporated in Scotland under the Act and domiciled in the United Kingdom. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.5 | Group structure | Not applicable; the Company is not part of a group. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.6 | Notifiable interests, different voting rights and controlling interests | <p>The interests (all of which are or will be beneficial unless otherwise stated) of the Directors in the share capital of the Company are currently as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; width: 20%;"><i>Ordinary Shares</i></th> <th style="text-align: center; width: 20%;"><i>per cent. of issued Share Capital</i></th> </tr> </thead> <tbody> <tr> <td>Anthony Townsend</td> <td style="text-align: right;">179,468</td> <td style="text-align: right;">0.21</td> </tr> <tr> <td>John Allard</td> <td style="text-align: right;">26,896</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td>Neil Collins</td> <td style="text-align: right;">23,786</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td>David Hunt</td> <td style="text-align: right;">27,500</td> <td style="text-align: right;">0.03</td> </tr> <tr> <td>Vanessa Renwick</td> <td style="text-align: right;">29,080</td> <td style="text-align: right;">0.03</td> </tr> </tbody> </table> <p>As at 12 December 2013, being the latest practicable date prior to the publication of this Prospectus, in addition to those persons described above, the Company is aware of the following persons who will be interested, directly or indirectly, in three per cent. or more of the issued share capital of the Company immediately following the proposals described in this Prospectus:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"><i>Investment Manager</i></th> <th style="text-align: center; width: 20%;"><i>Number of shares</i></th> <th style="text-align: center; width: 20%;"><i>per cent. of issued Share Capital</i></th> </tr> </thead> <tbody> <tr> <td>Brewin Dolphin, Stockbrokers</td> <td style="text-align: right;">10,467,696</td> <td style="text-align: right;">12.11</td> </tr> <tr> <td>Alliance Trust Savings</td> <td style="text-align: right;">9,198,106</td> <td style="text-align: right;">10.64</td> </tr> <tr> <td>Rathbone</td> <td style="text-align: right;">5,288,275</td> <td style="text-align: right;">6.12</td> </tr> <tr> <td>Hargreaves Landsdown, Stockbrokers</td> <td style="text-align: right;">5,285,082</td> <td style="text-align: right;">6.11</td> </tr> <tr> <td>Investec Wealth & Investment</td> <td style="text-align: right;">4,862,209</td> <td style="text-align: right;">5.62</td> </tr> <tr> <td>Charles Stanley, Stockbrokers</td> <td style="text-align: right;">3,545,740</td> <td style="text-align: right;">4.10</td> </tr> <tr> <td>Brewin Dolphin, Stockbrokers (non-discretionary)</td> <td style="text-align: right;">3,451,978</td> <td style="text-align: right;">3.99</td> </tr> <tr> <td>Scottish Widows</td> <td style="text-align: right;">2,840,681</td> <td style="text-align: right;">3.29</td> </tr> </tbody> </table> <p>None of the Company's shareholders have different voting rights, nor is the Company directly or indirectly owned or controlled by any person.</p> | | <i>Ordinary Shares</i> | <i>per cent. of issued Share Capital</i> | Anthony Townsend | 179,468 | 0.21 | John Allard | 26,896 | 0.03 | Neil Collins | 23,786 | 0.03 | David Hunt | 27,500 | 0.03 | Vanessa Renwick | 29,080 | 0.03 | <i>Investment Manager</i> | <i>Number of shares</i> | <i>per cent. of issued Share Capital</i> | Brewin Dolphin, Stockbrokers | 10,467,696 | 12.11 | Alliance Trust Savings | 9,198,106 | 10.64 | Rathbone | 5,288,275 | 6.12 | Hargreaves Landsdown, Stockbrokers | 5,285,082 | 6.11 | Investec Wealth & Investment | 4,862,209 | 5.62 | Charles Stanley, Stockbrokers | 3,545,740 | 4.10 | Brewin Dolphin, Stockbrokers (non-discretionary) | 3,451,978 | 3.99 | Scottish Widows | 2,840,681 | 3.29 |
| | <i>Ordinary Shares</i> | <i>per cent. of issued Share Capital</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| John Allard | 26,896 | 0.03 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| <i>Investment Manager</i> | <i>Number of shares</i> | <i>per cent. of issued Share Capital</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Scottish Widows | 2,840,681 | 3.29 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.7 | Historical financial information | <p>The table below sets out the summary financial information of the Company for the three years ended 30 September 2013. The information has been prepared in accordance with UK GAAP and SORP.</p> <p>The key audited figures that summarise the Company's financial conditions in respect of the three financial years ended 30 September 2013, which have been extracted without material adjustment from the published annual reports and accounts for the three financial years ended 30 September 2013 are set out in the following table:</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | <i>As at or for year ended 30 September</i> | | | |
|-------------|---|--|-------------|-------------|---------|
| | | <i>2011</i> | <i>2012</i> | <i>2013</i> | |
| | | Total net assets (£'000) | 177,618 | 254,209 | 395,839 |
| | | NAV per Share (pence) | 310.3 | 370.7 | 476.1 |
| | | <i>Revenue</i> | | | |
| | | Net return (£'000) | 5,253 | 6,792 | 9,657 |
| | | Return per Share (pence) | 9.7 | 10.8 | 12.7 |
| | | Dividend per Share (pence) | 9.2 | 9.8 | 10.5 |
| | | <i>Total</i> | | | |
| | | Return attributable to Shareholders (£'000) | 8,599 | 43,192 | 85,207 |
| | | Return per Share (pence) | 15.8 | 68.8 | 112.1 |
| | | There has been no significant change in the financial condition and operating results of the Company during or subsequent to the period covered by the historical key financial information. | | | |
| B.8 | Pro forma financial information | Not applicable; this Prospectus does not contain pro forma financial information. | | | |
| B.9 | Profit forecasts | Not applicable; this Prospectus does not contain profit forecasts or estimates. | | | |
| B.10 | Qualifications in the audit report | Not applicable; the audit reports on the historical financial information contained in this Prospectus do not contain any qualifications. | | | |
| B.11 | Working capital explanation | Not applicable; the Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next twelve months from the date of this Prospectus). | | | |
| B.34 | Investment objective and policy | <p>The Company's investment objective is to achieve capital and income growth and to provide Shareholders with a total return in excess of that of the FTSE All-Share Index.</p> <p>The Company invests principally in the securities of UK listed companies, whilst up to a maximum of 20 per cent. of the Company's portfolio, at the time of acquisition, can be invested in quoted companies worldwide. Where possible, a minimum position size of 1 per cent. of the Company's gross assets is held unless the holding concerned is being built or disposed of.</p> | | | |
| B.35 | Borrowing limits | The Company has the power to borrow money, subject to its gearing policy, which is that gearing will not exceed 25 per cent. of the Company's net assets. | | | |
| B.36 | Regulatory status | The Company is not regulated by the FCA or by any financial services or other regulator but, in common with other issuers listed on The Official List, is subject to the Listing Rules and the Disclosure Rules made by the FCA and is bound to comply with applicable laws including the Act and FSMA. | | | |
| B.37 | Investor profile | The Company expects a typical investor in the Company will be professionally advised private investors, or institutional investors, seeking capital and income growth from a portfolio of securities of mainly UK listed companies. The New Ordinary Shares may also be suitable for financially sophisticated non-advised private investors, but, such investors should consider consulting an independent financial adviser authorised under FSMA before investing. | | | |

| | | |
|-------------|---|--|
| B.38 | Significant exposure | Not applicable; the Company has the ability to invest a proportion (up to 25 per cent. of its gross assets) in preference shares, bonds and other debt instruments, although no more than 10 per cent. of any one issue may be held. |
| B.39 | Significant exposure to other collective investment undertakings | Not applicable; the Company does not and will not invest more than 10 per cent., in aggregate, of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange. The Company does not and will not invest more than 15 per cent., in aggregate of the value of the gross assets of the Company in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange. |
| B.40 | Service providers | <p>Frostrow is the Manager under the Management, Administrative and Secretarial Services Agreement dated 4 April 2007, amended by way of a letter agreement dated 23 January 2009 and among other things, provides specialist management, administrative, marketing and company secretarial services. A periodic fee is payable by the Company to Frostrow of 0.15 per cent. of the Company's market capitalisation (calculated in accordance with the Management, Administrative and Secretarial Services Agreement). The Manager is also entitled to an annual fixed fee of £70,000 calculated monthly and payable monthly in arrears. Dependent on the level of performance achieved, the Manager is entitled to the payment of the Performance Fee. The calculation basis of the Performance Fee is by reference to the annual increase in the Company's adjusted market capitalisation per share, but only after attainment of an absolute return hurdle, which is the sum of the increase in the RPI in the year, plus a fixed return of 6 per cent. The performance fee is calculated annually and is based on 15 per cent. of the outperformance per share over the absolute return hurdle. Frostrow receives 15 per cent. of any performance fee payable.</p> <p>The Board has approved in principle the appointment of the Manager as the Company's AIFM and the parties intend to amend the terms of the Management, Administrative and Secretarial Services Agreement, so that it will record the terms of the appointment of the Manager as the Company's AIFM, and, more generally, so that it will comply with the requirements of the AIFM Rules.</p> <p>Lindsell Train acts as the Investment Manager under the Investment Management Agreement dated 4 April 2007, amended by way of a letter agreement dated 23 September 2010. Under the terms of the Investment Management Agreement, Lindsell Train provides discretionary investment management services to the Company for a periodic fee equal to 0.45 per cent. per annum of the Company's market capitalisation. Dependent on the level of performance achieved, the Investment Manager is entitled to the payment of the Performance Fee. The calculation basis of the Performance Fee is by reference to the annual increase in the Company's adjusted market capitalisation per share, but only after attainment of an absolute return hurdle, which is the sum of the increase in the RPI in the year, plus a fixed return of 6 per cent. The performance fee is calculated annually and is based on 15 per cent. of the outperformance per share over the absolute return hurdle. Lindsell Train receives 85 per cent. of any performance fee payable. Lindsell Train and the Company intend to amend the terms of the Investment Management Agreement to ensure that it complies with the requirements of the AIFM Rules.</p> |

| | | <p>The Bank of New York Mellon's London and Brussels branches act as custodian for the Company under the Custody Agreement. The Bank of New York Mellon is a company incorporated under the laws of the United States. Its headquarters are in New York, USA, and it was registered as a branch in England and Wales with registration number: BR000818 on 1 June 1965 and as a company in England and Wales with registered number: FC005522 on 11 September 1964. The fees of the Bank of New York Mellon are paid by the Company and in the year ended 30 September 2013 these fees amounted to £47,000. Under the AIFM Directive, the Company's AIFM is required to procure that a depositary has been appointed in respect of the Company. The Board has approved in principle the appointment of BNY Mellon Trust & Depositary (UK) Limited as the Company's depositary, and it is anticipated that the Custody Agreement will be terminated and replaced with a new depositary agreement, which will enable the depositary to comply with its obligations as a depositary of AIFs.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|-------------|---|--|--|--|-------------|-------------|-------------|--------------------------|---------|---------|---------|-----------------------|-------|-------|-------|----------------|--|--|--|--------------------|-------|-------|-------|--------------------------|-----|------|------|----------------------------|-----|-----|------|--------------|--|--|--|---|-------|--------|--------|--------------------------|------|------|-------|
| B.41 | Service providers' regulatory status | <p>Frostrow is the Manager and is regulated by the FCA under FSMA with firm reference number: 460360.</p> <p>Lindsell Train is the Investment Manager and is authorised and regulated by the FCA under FSMA with firm reference number: 194229.</p> <p>The Bank of New York Mellon's London and Brussels branches act as custodian for the Company and the Bank of New York Mellon is authorised and regulated by the FCA under FSMA with firm reference number: 122467.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.42 | Net asset value calculations | <p>The NAV of the Company is calculated on each Dealing Day.</p> <p>NAV calculations will be communicated via RIS announcements.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.43 | Cross liabilities | <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.44 | Historical Financial Information/ Financial statements | <p>The table below sets out the summary financial information of the Company for the three years ended 30 September 2013. The information has been prepared in accordance with UK GAAP and SORP.</p> <p>The key audited figures that summarise the Company's financial conditions in respect of the three financial years ended 30 September 2013, which have been extracted without material adjustment from the published annual reports and accounts for the three financial years ended 30 September 2013 are set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th colspan="3"><i>As at or for year ended 30 September</i></th> </tr> <tr> <th></th> <th><i>2011</i></th> <th><i>2012</i></th> <th><i>2013</i></th> </tr> </thead> <tbody> <tr> <td>Total net assets (£'000)</td> <td>177,618</td> <td>254,209</td> <td>395,839</td> </tr> <tr> <td>NAV per Share (pence)</td> <td>310.3</td> <td>370.7</td> <td>476.1</td> </tr> <tr> <td><i>Revenue</i></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Net return (£'000)</td> <td>5,253</td> <td>6,792</td> <td>9,657</td> </tr> <tr> <td>Return per Share (pence)</td> <td>9.7</td> <td>10.8</td> <td>12.1</td> </tr> <tr> <td>Dividend per Share (pence)</td> <td>9.2</td> <td>9.8</td> <td>10.5</td> </tr> <tr> <td><i>Total</i></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Return attributable to Shareholders (£'000)</td> <td>8,599</td> <td>43,192</td> <td>85,207</td> </tr> <tr> <td>Return per Share (pence)</td> <td>15.8</td> <td>68.8</td> <td>112.1</td> </tr> </tbody> </table> | | <i>As at or for year ended 30 September</i> | | | | <i>2011</i> | <i>2012</i> | <i>2013</i> | Total net assets (£'000) | 177,618 | 254,209 | 395,839 | NAV per Share (pence) | 310.3 | 370.7 | 476.1 | <i>Revenue</i> | | | | Net return (£'000) | 5,253 | 6,792 | 9,657 | Return per Share (pence) | 9.7 | 10.8 | 12.1 | Dividend per Share (pence) | 9.2 | 9.8 | 10.5 | <i>Total</i> | | | | Return attributable to Shareholders (£'000) | 8,599 | 43,192 | 85,207 | Return per Share (pence) | 15.8 | 68.8 | 112.1 |
| | <i>As at or for year ended 30 September</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <i>2011</i> | <i>2012</i> | <i>2013</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total net assets (£'000) | 177,618 | 254,209 | 395,839 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NAV per Share (pence) | 310.3 | 370.7 | 476.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Revenue</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net return (£'000) | 5,253 | 6,792 | 9,657 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Return per Share (pence) | 9.7 | 10.8 | 12.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dividend per Share (pence) | 9.2 | 9.8 | 10.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Total</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Return attributable to Shareholders (£'000) | 8,599 | 43,192 | 85,207 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Return per Share (pence) | 15.8 | 68.8 | 112.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | <p>There has been no significant change in the financial condition and operating results of the Company during or subsequent to the period covered by the historical key financial information.</p> <p>The Company has commenced operations.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------------------------|---|-----------------------------|----------------------------------|-------------------------------------|--------------------------------------|--|--|--|-----------------------------|----------------------|----------------------|-------------------------------|------------|-------|--------|------|-------|-------|-----|----------------|-------|--------|------|------|------|-----|--------|-------|-------|------|-------|---|---|----------------------------|--------|--------|------|-------|-------|-----|--------|--------|--------|------|-------|-------|-----|--------------------|-------|-------|------|--------|-------|-----|----------------------------------|-------|--------|------|-------|-------|-----|---------|--------|--------|------|-------|-------|-----|----------------------|----|-----|----|----|----|----|-----------------------|-------|-------|------|-------|------|-----|-------------|-------|--------|------|-------|-------|-----|---------------------|-------|--------|------|-------|-------|-----|----------|--------|--------|------|--------|-------|-----|-------------------|-------|-------|------|--------|-------|-----|---------------------------------|-------|-------|------|-----|-----|-----|-----------------------|--------|--------|------|-------|-------|-----|---------------|-------|--------|------|-------|-------|-----|---------|--------|--------|------|-------|-------|-----|-------------------|--------|--------|------|-------|-------|-----|---------------|--------|--------|------|-------|-------|-----|------------|--------|--------|------|------|-------|-----|-----------|--------|--------|------|--------|-------|-----|-----------------|-------|-------|------|--------|-------|-----|----------|--------|--------|------|--------|-------|-----|----------------------|-------|-------|-----|-------|-------|-----|--------------------------|--|--|--|--|--|--|---|----|----|---|---|---|---|--|----------------|----------------|--|--|--|--|
| B.45 | Investments | <p>As at the date of this Prospectus, the Company's investments comprised:</p> <table border="1"> <thead> <tr> <th rowspan="2"><i>Investment</i></th> <th rowspan="2"><i>Book Cost</i> <i>£'000</i></th> <th rowspan="2"><i>Market Value</i> <i>£'000</i></th> <th colspan="4"><i>% of issued Earnings Dividend</i></th> </tr> <tr> <th><i>Ordinary Shares held</i></th> <th><i>per share (p)</i></th> <th><i>per share (p)</i></th> <th><i>Dividend cover (times)</i></th> </tr> </thead> <tbody> <tr><td>A. G. Barr</td><td>3,279</td><td>24,571</td><td>3.72</td><td>22.06</td><td>10.02</td><td>2.2</td></tr> <tr><td>Burberry Group</td><td>5,581</td><td>12,258</td><td>0.19</td><td>58.3</td><td>29.0</td><td>2.0</td></tr> <tr><td>Celtic</td><td>1,230</td><td>1,791</td><td>2.51</td><td>10.73</td><td>–</td><td>–</td></tr> <tr><td>Daily Mail & General Trust</td><td>15,832</td><td>26,865</td><td>0.81</td><td>50.00</td><td>19.20</td><td>2.6</td></tr> <tr><td>Diageo</td><td>19,298</td><td>37,544</td><td>0.08</td><td>99.30</td><td>47.40</td><td>2.1</td></tr> <tr><td>Dr. Pepper Snapple</td><td>5,502</td><td>9,068</td><td>0.15</td><td>187.42</td><td>83.30</td><td>2.3</td></tr> <tr><td>Euromoney Institutional Investor</td><td>4,279</td><td>11,890</td><td>0.75</td><td>56.74</td><td>21.75</td><td>2.6</td></tr> <tr><td>Fidessa</td><td>11,784</td><td>24,202</td><td>2.91</td><td>82.50</td><td>37.00</td><td>2.2</td></tr> <tr><td>Frostrow Capital LLP</td><td>75</td><td>650</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr> <tr><td>Fuller Smith & Turner</td><td>1,192</td><td>6,521</td><td>2.17</td><td>57.85</td><td>13.7</td><td>4.2</td></tr> <tr><td>Greene King</td><td>9,467</td><td>15,353</td><td>0.85</td><td>45.50</td><td>26.60</td><td>1.7</td></tr> <tr><td>Hargreaves Lansdown</td><td>7,190</td><td>21,657</td><td>0.36</td><td>32.00</td><td>20.68</td><td>1.5</td></tr> <tr><td>Heineken</td><td>22,186</td><td>29,279</td><td>0.27</td><td>432.15</td><td>74.97</td><td>5.8</td></tr> <tr><td>Kraft Foods Group</td><td>4,523</td><td>6,678</td><td>0.03</td><td>218.66</td><td>30.62</td><td>7.1</td></tr> <tr><td>Lindsell Train Investment Trust</td><td>1,000</td><td>3,430</td><td>5.00</td><td>741</td><td>563</td><td>1.3</td></tr> <tr><td>London Stock Exchange</td><td>13,263</td><td>23,196</td><td>0.54</td><td>80.40</td><td>29.50</td><td>2.7</td></tr> <tr><td>Mondelez Int.</td><td>6,339</td><td>11,051</td><td>0.03</td><td>93.10</td><td>61.25</td><td>1.5</td></tr> <tr><td>Pearson</td><td>27,567</td><td>34,281</td><td>0.33</td><td>40.50</td><td>45.00</td><td>0.9</td></tr> <tr><td>Rathbone Brothers</td><td>12,157</td><td>18,149</td><td>2.72</td><td>67.00</td><td>47.00</td><td>1.4</td></tr> <tr><td>Reed Elsevier</td><td>18,002</td><td>24,608</td><td>0.24</td><td>46.00</td><td>23.00</td><td>2.0</td></tr> <tr><td>Sage Group</td><td>15,345</td><td>20,666</td><td>0.43</td><td>3.97</td><td>10.36</td><td>0.4</td></tr> <tr><td>Schroders</td><td>13,776</td><td>24,324</td><td>0.44</td><td>104.70</td><td>43.00</td><td>2.4</td></tr> <tr><td>Thomson Reuters</td><td>3,830</td><td>9,095</td><td>0.05</td><td>153.12</td><td>78.40</td><td>2.0</td></tr> <tr><td>Unilever</td><td>29,285</td><td>37,710</td><td>0.12</td><td>133.10</td><td>80.36</td><td>1.7</td></tr> <tr><td>Young & Co's Brewery</td><td>1,991</td><td>7,520</td><td>3.5</td><td>35.23</td><td>14.63</td><td>2.4</td></tr> <tr><td>Preference shares</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Celtic 6% (cumulative convertible preference)</td><td>88</td><td>71</td><td>–</td><td>–</td><td>–</td><td>–</td></tr> <tr><td></td><td><u>254,061</u></td><td><u>442,428</u></td><td></td><td></td><td></td><td></td></tr> </tbody> </table> <p>The above information is sourced from the Company's management accounts and Bloomberg and is unaudited. Any valuations set out in this table are only accurate as at 12 December 2013, the latest practicable date prior to the publication of this Prospectus.</p> | <i>Investment</i> | <i>Book Cost</i> <i>£'000</i> | <i>Market Value</i> <i>£'000</i> | <i>% of issued Earnings Dividend</i> | | | | <i>Ordinary Shares held</i> | <i>per share (p)</i> | <i>per share (p)</i> | <i>Dividend cover (times)</i> | A. G. Barr | 3,279 | 24,571 | 3.72 | 22.06 | 10.02 | 2.2 | Burberry Group | 5,581 | 12,258 | 0.19 | 58.3 | 29.0 | 2.0 | Celtic | 1,230 | 1,791 | 2.51 | 10.73 | – | – | Daily Mail & General Trust | 15,832 | 26,865 | 0.81 | 50.00 | 19.20 | 2.6 | Diageo | 19,298 | 37,544 | 0.08 | 99.30 | 47.40 | 2.1 | Dr. Pepper Snapple | 5,502 | 9,068 | 0.15 | 187.42 | 83.30 | 2.3 | Euromoney Institutional Investor | 4,279 | 11,890 | 0.75 | 56.74 | 21.75 | 2.6 | Fidessa | 11,784 | 24,202 | 2.91 | 82.50 | 37.00 | 2.2 | Frostrow Capital LLP | 75 | 650 | NA | NA | NA | NA | Fuller Smith & Turner | 1,192 | 6,521 | 2.17 | 57.85 | 13.7 | 4.2 | Greene King | 9,467 | 15,353 | 0.85 | 45.50 | 26.60 | 1.7 | Hargreaves Lansdown | 7,190 | 21,657 | 0.36 | 32.00 | 20.68 | 1.5 | Heineken | 22,186 | 29,279 | 0.27 | 432.15 | 74.97 | 5.8 | Kraft Foods Group | 4,523 | 6,678 | 0.03 | 218.66 | 30.62 | 7.1 | Lindsell Train Investment Trust | 1,000 | 3,430 | 5.00 | 741 | 563 | 1.3 | London Stock Exchange | 13,263 | 23,196 | 0.54 | 80.40 | 29.50 | 2.7 | Mondelez Int. | 6,339 | 11,051 | 0.03 | 93.10 | 61.25 | 1.5 | Pearson | 27,567 | 34,281 | 0.33 | 40.50 | 45.00 | 0.9 | Rathbone Brothers | 12,157 | 18,149 | 2.72 | 67.00 | 47.00 | 1.4 | Reed Elsevier | 18,002 | 24,608 | 0.24 | 46.00 | 23.00 | 2.0 | Sage Group | 15,345 | 20,666 | 0.43 | 3.97 | 10.36 | 0.4 | Schroders | 13,776 | 24,324 | 0.44 | 104.70 | 43.00 | 2.4 | Thomson Reuters | 3,830 | 9,095 | 0.05 | 153.12 | 78.40 | 2.0 | Unilever | 29,285 | 37,710 | 0.12 | 133.10 | 80.36 | 1.7 | Young & Co's Brewery | 1,991 | 7,520 | 3.5 | 35.23 | 14.63 | 2.4 | Preference shares | | | | | | | Celtic 6% (cumulative convertible preference) | 88 | 71 | – | – | – | – | | <u>254,061</u> | <u>442,428</u> | | | | |
| <i>Investment</i> | <i>Book Cost</i> <i>£'000</i> | <i>Market Value</i> <i>£'000</i> | | | | <i>% of issued Earnings Dividend</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <i>Ordinary Shares held</i> | <i>per share (p)</i> | <i>per share (p)</i> | <i>Dividend cover (times)</i> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A. G. Barr | 3,279 | 24,571 | 3.72 | 22.06 | 10.02 | 2.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Burberry Group | 5,581 | 12,258 | 0.19 | 58.3 | 29.0 | 2.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Celtic | 1,230 | 1,791 | 2.51 | 10.73 | – | – | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Daily Mail & General Trust | 15,832 | 26,865 | 0.81 | 50.00 | 19.20 | 2.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diageo | 19,298 | 37,544 | 0.08 | 99.30 | 47.40 | 2.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dr. Pepper Snapple | 5,502 | 9,068 | 0.15 | 187.42 | 83.30 | 2.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Euromoney Institutional Investor | 4,279 | 11,890 | 0.75 | 56.74 | 21.75 | 2.6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fidessa | 11,784 | 24,202 | 2.91 | 82.50 | 37.00 | 2.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Frostrow Capital LLP | 75 | 650 | NA | NA | NA | NA | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fuller Smith & Turner | 1,192 | 6,521 | 2.17 | 57.85 | 13.7 | 4.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Greene King | 9,467 | 15,353 | 0.85 | 45.50 | 26.60 | 1.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hargreaves Lansdown | 7,190 | 21,657 | 0.36 | 32.00 | 20.68 | 1.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Heineken | 22,186 | 29,279 | 0.27 | 432.15 | 74.97 | 5.8 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Kraft Foods Group | 4,523 | 6,678 | 0.03 | 218.66 | 30.62 | 7.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lindsell Train Investment Trust | 1,000 | 3,430 | 5.00 | 741 | 563 | 1.3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| London Stock Exchange | 13,263 | 23,196 | 0.54 | 80.40 | 29.50 | 2.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mondelez Int. | 6,339 | 11,051 | 0.03 | 93.10 | 61.25 | 1.5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Pearson | 27,567 | 34,281 | 0.33 | 40.50 | 45.00 | 0.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Rathbone Brothers | 12,157 | 18,149 | 2.72 | 67.00 | 47.00 | 1.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reed Elsevier | 18,002 | 24,608 | 0.24 | 46.00 | 23.00 | 2.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sage Group | 15,345 | 20,666 | 0.43 | 3.97 | 10.36 | 0.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Schroders | 13,776 | 24,324 | 0.44 | 104.70 | 43.00 | 2.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Thomson Reuters | 3,830 | 9,095 | 0.05 | 153.12 | 78.40 | 2.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Unilever | 29,285 | 37,710 | 0.12 | 133.10 | 80.36 | 1.7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Young & Co's Brewery | 1,991 | 7,520 | 3.5 | 35.23 | 14.63 | 2.4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Preference shares | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Celtic 6% (cumulative convertible preference) | 88 | 71 | – | – | – | – | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>254,061</u> | <u>442,428</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B.46 | Net asset value | <p>The NAV per Ordinary Share as at 12 December 2013, which is the latest practicable date prior to the publication of this Prospectus, was 486.31 pence (ex income) and 489.12 pence (cum income).</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Section C – Securities

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|------------|-------------------------------------|--|
| C.1 | Description of securities | The securities which the Company intends to issue are Ordinary Shares of the Company of 25p each, whose ISIN is GB0007816068. |
| C.2 | Currency of securities | The Ordinary Shares are denominated in Sterling and the issue price will be payable in Sterling. |
| C.3 | Amount paid up and par value | As at 12 December 2013, the latest practicable date prior to publication of this Prospectus, the Company has 86,451,557 fully paid Ordinary Shares of 25p par value in issue. The Company has no partly paid Ordinary Shares in issue. |

| | | |
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| C.4 | Rights attaching to the Ordinary Shares | <p>Dividend rights: all ordinary shares are entitled to participate in dividends which the Company declares from time to time proportionate to the amounts paid or credited as paid on such Ordinary Shares.</p> <p>Rights as respect to capital: all Ordinary Shares are entitled to a distribution of capital in the same proportions as capital is attributable to them (including or winding up).</p> <p>Voting rights: every Shareholder shall have one vote for each Ordinary Share held by it.</p> |
| C.5 | Restrictions on free transferability of the Ordinary Shares | <p>The Directors can from time to time determine that the register of shares be suspended for a specified period not exceeding in whole thirty days in each year, provided that notice is given by advertisement in one national newspaper and such other newspaper, if any, as the Act (and other company legislation) requires.</p> <p>Where a registered holder or bearer of shares in the Company fails to comply, within the specified period, with a notice given by the Directors under the Act (and other company legislation) requiring him or her to give particulars of any interest in any such shares, the Company may give that person a restriction notice, and in the event that the shares in respect of which such a notice has been issued represent 0.25 per cent. or more of the class of share concerned, the notice may direct that no transfer will be registered unless the registered holder or bearer of them is not himself or herself in default for the failure to supply information and that person satisfies the Directors that no person in default is interested in any of the shares in question.</p> |
| C.6 | Admission | <p>Applications will be made from time to time to the UK Listing Authority and the London Stock Exchange for the New Ordinary Shares to be issued pursuant to the Placing Programme to be admitted to the premium segment of the Official List (by way of a premium listing) under Chapter 15 of the Listing Rules and to trading on the London Stock Exchange's main market for listed securities.</p> |
| C.7 | Dividend policy | <p>The Board's current policy is to pay two interim dividends in respect of the Company's financial year, typically in May and November.</p> <p>Future dividends paid by the Company will reflect the dividends earned on the Company's portfolio and, subject to unforeseen circumstances, the Board's objective is to maintain its progressive dividend policy over the long term.</p> |

Section D – Risks

| | | |
|------------|---|---|
| D.1 | Key information on the key risks | <p>The attention of investors is drawn to the risks associated with an investment in the Company which, in particular, include the following:</p> <p>(a) The level of concentration of the Company's investment portfolio may lead to an investment return which is materially different from the Company's benchmark index and may be considered to carry above average risk. Further the investment portfolio includes investment in preference shares, which are illiquid and may be difficult to realise in the form of cash.</p> <p>(b) Movements in exchange rates could adversely affect the Company's financial performance. Currently certain of the Company's investments are not denominated in sterling. The return to Shareholders will be affected by changes in the value of sterling to those foreign currencies in which certain investments are held.</p> |
|------------|---|---|

| | | |
|------------|---|---|
| | | <p>(c) The volatility of the Net Asset Value per Ordinary Share may be further increased by the effect of borrowings on the Net Asset Value of the Ordinary Shares where the underlying Net Asset Value is falling.</p> <p>(d) The loss of the services of Nick Train, a director of Lindsell Train, could have an adverse effect on the Company's performance as the Company is substantially dependent on his services.</p> <p>(e) The Company currently qualifies as an Investment Trust (under Chapter 4 of Part 24 of the Corporation Tax Act 2010). Failure to qualify as such may lead to the Company being subject to corporation tax on its capital profits.</p> <p>(f) The Company borrows in sterling at floating rates of interest and is therefore exposed to the risk that its cashflow will change due to movements in prevailing interest rates.</p> <p>(g) It is likely that compliance with the AIFM Directive will result in additional burdens being placed on the Manager and the Company, which may create significant additional compliance costs for the Company. If the Company has not appointed another person to act as AIFM of the Company by 22 July 2014, then the Company would be deemed to be its own AIFM and would have to cease all portfolio management and risk management activity until it had appointed an AIFM or obtained authorisation as an AIFM or, if eligible to do so, registered as a "small registered UK AIFM" as defined in the AIFM Regulations. If the Company is not able to agree terms with a depositary by the AIFMD Implementation Date, the Manager will be in breach of the AIFM Rules and may not be able to act as the Company's AIFM.</p> |
| D.3 | Key information on the key risks | <p>The attention of investors is drawn to the risks associated with an investment in the Ordinary Shares which, in particular, include the following:</p> <p>(a) As the price of shares in an investment trust is determined by the interaction of supply and demand for those shares in the market, the share price can fluctuate and may represent a discount to the Net Asset Value per Ordinary Share.</p> <p>(b) Conversely, the price of shares in an investment trust may represent a premium to the Net Asset Value per Ordinary Share, so that investors purchasing such shares in such circumstances may not realise the full extent of their purchase price in the event of winding up of the Company.</p> |

Section E – Offer

| | | |
|------------|----------------------------------|---|
| E.1 | Net proceeds and expenses | <p>Assuming that the Placing Programme is fully subscribed and a Placing Price of 490.50 pence per New Ordinary Share (being the mid market price as at the latest practicable date prior to the publication of the Prospectus), the gross proceeds would be £147,150,000, the costs of the Placing Programme would be £115,000 and the net proceeds of the Placing Programme would be £147,035,000. Under the Placing Programme, each New Ordinary Share is being made available to investors at a price calculated by reference to the higher of the estimated cum or ex income Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. Assuming a NAV of 489.12 pence (being the cum income NAV at the latest practicable date prior to the publication of the Prospectus), the Placing Price would be 492.54 pence, and the expenses borne by the investor would be 3.42 pence per New Ordinary Share.</p> |
|------------|----------------------------------|---|

| | | |
|-------------|--|--|
| E.2a | Use of proceeds | The Company intends to issue up to 30,000,000 New Ordinary Shares pursuant to the Placing Programme. The Placing Programme is intended to partially satisfy market demand for the Ordinary Shares and to raise further money for investment in accordance with the Company's investment policy. |
| E.3 | Terms and conditions of the Placing Programme | <p>The Placing Programme is for up to 30,000,000 New Ordinary Shares, to be issued pursuant to the Placing Programme. Under the Placing Programme New Ordinary Shares may be allotted at any time prior to the closing date of the Placing Programme. The Placing Price will be calculated by reference to the estimated cum income Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the Placing (including, without limitation, any placing commissions) and the initial investment of the amounts raised. The maximum Placing Price in respect of any allotment of New Ordinary Shares will be equal to the best offer price per Ordinary Share as quoted on the London Stock Exchange at the time that the proposed allotment is agreed.</p> <p>The allotment of New Ordinary Shares under the Placing Programme is at the discretion of the Directors. The minimum subscription pursuant to the Placing Programme will be £50,000.</p> <p>Each investor is required to undertake to make payment for New Ordinary Shares issued to such investor in such manner as shall be directed by Winterflood.</p> <p>An investor applying for New Ordinary Shares in the Placing Programme may elect to receive New Ordinary Shares in uncertificated form, if such investor is a system-member in relation to CREST, or certificated form. Where applicable, definitive certificates in respect of the New Ordinary Shares are expected to be dispatched by post to the relevant holders no later than ten Business Days after the relevant allotment date.</p> |
| E.4 | Interests material to the Placing Programme | Not applicable; there are no interests that are material to the Placing Programme. |
| E.5 | The offeror | The Ordinary Shares are being offered by the Company. |
| E.6 | Dilution | In the event that the Placing Programme is fully subscribed, an existing Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 3.71 per cent. of the Company's issued Ordinary Share capital. |
| E.7 | Expenses | The Placing Price will include a premium intended to cover the costs and expenses of the Placing Programme (including, without limitation, any placing commissions) and the initial investment of the amounts raised. Assuming a NAV of 489.12 pence (being the cum income NAV at the latest practicable date prior to the publication of the Prospectus), the Placing Price would be 492.54 pence, and the expenses borne by the investor would be 3.42 pence per New Ordinary Share. |

PART 1:
RISK FACTORS

Existing and prospective investors should consider carefully the following risk factors in addition to the other information presented in this Prospectus. If any of the risks described below were to occur, it could have a material effect on the Company's business or financial condition or the results of its operations. Additional risks not currently known to the Company, or that the Company currently believes are not material, may also adversely affect its business, its financial condition and the results of its operations. The value of the New Ordinary Shares could go down due to any of these risk factors, and investors could lose part or all of their investment.

1. The Company and the New Ordinary Shares

The Company is an investment trust. Investment trusts aim to generate returns for Shareholders by investing in other companies. As an investment trust may invest in a range of different companies and sectors, it may represent a method for investors to gain a diversified investment exposure. However, prospective investors should be aware of certain factors which apply to the Company and to investment trusts generally.

The price of shares in an investment trust 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. This discount is itself variable as conditions for supply and demand change. This can mean that the Company's share price may go down as well as up and the share price can fall when the Net Asset Value per share rises, or vice versa. There is no guarantee that the market price of the New Ordinary Shares will fully reflect their underlying Net Asset Value.

The presence of competing investment products in the future may reduce demand for Ordinary Shares in the Company and hence reduce or eliminate the premium to Net Asset Value per Share at which the Ordinary Shares currently trade.

The Board has, since 2 April 2004, adopted an active discount management policy, buying back for cancellation or into treasury Ordinary Shares available in the market at discounts of at least 5 per cent. to the ex income Net Asset Value per Ordinary Share. However, the discount management policy is at the absolute discretion of the Board and there is no guarantee that any buybacks of Ordinary Shares will be made or that the policy will be successful.

The price of shares in an investment trust may also represent a premium to the Net Asset Value per Ordinary Share. Investors purchasing New Ordinary Shares at a premium to Net Asset Value per Ordinary Share may not, in the event of a winding up of the Company, realise the full extent of their purchase price. The Company usually issues Ordinary Shares with a view, *inter alia*, to limiting the premium to Net Asset Value, but such issues are at the absolute discretion of the Board and there is no guarantee that New Ordinary Shares, or Ordinary Shares in the market, will be available at prices close to Net Asset Value per Ordinary Share.

Market liquidity in the shares of investment trusts is frequently inferior to the market liquidity of shares issued by larger companies traded on the London Stock Exchange. Although it is expected that the New Ordinary Shares will be traded on the London Stock Exchange's market for listed securities, it is possible that there may not be a liquid market in the New Ordinary Shares and Shareholders may have difficulty in selling New Ordinary Shares.

As past performance is not necessarily a guide to future performance and 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. Therefore investors may not get back the full value of their investment.

If under UK law there were to be a change to the basis on which dividends could be paid by companies, this could have a negative effect on the Company's ability to pay dividends.

2. Portfolio

The Company's investment portfolio typically comprises approximately 30 investments. As at 12 December 2013 the portfolio was made up of the securities of 25 issuers and one limited liability partnership interest. This level of concentration may lead to an investment return which is materially different from the Company's benchmark index and may be considered to carry above average risk.

The investment portfolio is mainly focussed on the financial services, consumer staples, technology and media sectors and the performance of the investment portfolio may therefore deliver a return which is materially different to that of the benchmark index, particularly if a specific event or events affects one or more of these sectors.

The investment portfolio includes investment in preference shares, which are illiquid and may be difficult to realise in the form of cash.

A proportion of the Company's portfolio may be held in cash from time to time. Such proportion of the Company's assets will be out of the market and will not benefit from positive stock market movements, if any.

Movements in exchange rates could adversely affect the Company's financial performance. Currently certain of the Company's investments are not denominated in sterling. The return to Shareholders will be affected by changes in the value of sterling to those foreign currencies in which certain investments are held.

3. Borrowings

Prospective investors should be aware that, whilst the use of borrowings should enhance the Net Asset Value of the Ordinary Shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. This may further increase the volatility of the Net Asset Value per Ordinary Share.

4. Key Individuals

The Company is substantially dependent on the services of Nick Train, a director of the Company's investment manager Lindsell Train Limited, for the implementation of the Company's investment policy. The loss of the services of Nick Train could have an adverse effect on the Company's performance.

5. Taxation

The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this Prospectus are those currently available and their value depends on the individual circumstances of investors.

Any change in the Company's tax status, including failure to satisfy the conditions to qualify as an investment trust under Chapter 4 of Part 24 Corporation Tax Act 2010, or any change in taxation legislation 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 such shareholders, or any change causing the Company to be treated as tax resident in a jurisdiction other than the United Kingdom.

6. Economic Conditions

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely or favourably affect the Company's prospects and the value of the Company's portfolio.

7. Accounts

The Company currently prepares its accounts in accordance with UK GAAP and the SORP and intends to continue doing so. Both UK GAAP and the SORP are subject to change and this may have an effect on the Company's calculation of NAV. Changes in the accounting policies of the Company could

adversely affect Shareholders. The Company has a policy of charging one third of (a) the periodic fees and (b) loan and bank interest to the revenue account and two thirds of those amounts to the capital account. The Company also has a policy of charging 100 per cent. of any Performance Fee paid under the terms of the Investment Management Agreement and the Management, Administrative and Secretarial Services Agreement to the capital account. Other financial charges and expenses are entirely charged to the revenue account.

8. Operational and Regulatory Risk

Failure to qualify as an Investment Trust under the terms of section 1158 of the Corporation Tax Act 2010 may lead to the Company being subject to corporation tax on its capital profits. Control failures, either by the Manager, the Investment Manager or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

The regulatory environment for investment funds and the managers of investment funds is evolving. Any change in the laws and regulations affecting the Company, or in the laws and regulations affecting companies incorporated in Scotland generally, including in the event of Scotland becoming independent from the rest of the United Kingdom, or any change in the regulations affecting investment funds or investment fund managers generally may have a material adverse effect on the ability of the Company and the Manager to carry on their respective businesses which in turn could have a material adverse effect on the Company's performance and returns to holders of Ordinary Shares.

9. Interest Rates

The Company borrows in sterling at floating rates of interest and hence is exposed to the risk that its cashflow will change due to movements in prevailing interest rates. The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis.

The Company also invests in fixed rate preference shares which are exposed to movements in their fair value arising from changes in interest rates.

10. Alternative Investment Fund Managers Directive

The AIFM Directive entered into force on 21 July 2011 and was implemented in the UK by the AIFM Regulations and amendments to the FCA Handbook, with effect from 22 July 2013 subject to a transitional period running from 22 July 2013 to the AIFMD Implementation Date. The AIFM Directive regulates AIFMs of AIFs which are marketed or managed in the EU. Each AIF within the scope of the AIFM Directive must have a single AIFM, which is responsible for ensuring compliance with the AIFM Directive.

In order to obtain authorisation, and to be able to manage the AIF, the AIFM will need to comply with various obligations prescribed under the AIFM Rules. The AIFM Directive results in additional burdens being placed on the Manager and the Company which may create significant additional compliance costs for the Company.

The Board has approved in principle the appointment of the Manager as the Company's AIFM, and is currently negotiating the terms of the Manager's appointment, which will be subject to the Manager attaining the FSMA Part 4A permission of "managing an AIF". If the Manager does not obtain that permission from the FCA by 22 July 2014 or the Company and the Manager are otherwise unable to agree the terms of the AIFM Agreement, and the Company has not appointed another person to act as AIFM of the Company, then the Company would be deemed to be its own AIFM and would have to cease all portfolio management and risk management activity until it had appointed an AIFM or obtained authorisation as an AIFM or, if eligible to do so, registered as a "small registered UK AIFM" as defined in the AIFM Regulations. The Board intends to monitor the status of the Manager's application, which is currently being considered by the FCA and will also keep the Company's negotiations of the AIFM Agreement with the Manager under review. If the Board considers that there is a real risk that the Manager might not attain the Part 4A permission of "managing an AIF" and/or it will not be able to agree the terms of the AIFM Agreement with the Manager by 22 July 2014, the

Board intends to enter into arrangements with an alternative service provider that is able and suitable to act as the Company's AIFM.

Furthermore, the AIFM Directive will require that an independent depositary is appointed for the AIF, whose responsibility goes beyond that of the Custodian. The depositary's primary responsibility will be to safe-keep the AIF's assets, including verification of the AIF's ownership of such assets. A depositary will also be required to perform or oversee various functions that might otherwise have been performed by the Custodian or the Investment Manager which may increase the costs of the Company. The Board has approved in principle the appointment of BNY Mellon Trust & Depositary (UK) Limited as the Company's depositary, and is currently negotiating the terms of its appointment. If the Company is not able to agree terms with a depositary by the AIFMD Implementation Date, the Manager will be in breach of the AIFM Rules and may not be able to act as the Company's AIFM. The Board intends to keep its negotiations with the Custodian under review. If it appears that the Company will not be able to agree terms with BNY Mellon Trust & Depositary (UK) Limited, the Board intends to enter into arrangements with an alternative service provider that is able and suitable to act as the Company's depositary. A supplementary prospectus will be published if required under section 87G of FSMA in respect of this appointment.

The Board and the Company's advisers will continue to monitor the progress and likely implications of the AIFM Directive.

PART 2:

IMPORTANT INFORMATION

Forward looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward looking statements include matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the facts described in the risk factors section of the document.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect the Company’s view with respect to future events as the date of this document and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations and strategy. Save as required by applicable law, or any UK or EU regulatory requirements (including FSMA, the AIFM Rules the Prospectus Rules, the Listing Rules and the Disclosure Rules) the Company is under no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its exceptions or to reflect events or circumstances after the date of this document.

Given these uncertainties, investors and prospective investors are cautioned not to place any undue reliance on such forward looking statements and should carefully consider the “Risk Factors” section of this document for a discussion of additional factors that could cause the Company’s actual results to differ materially before making any investment decision.

Notwithstanding the foregoing, nothing contained in this document shall in any way be taken to qualify the working capital statement contained in paragraph 20 of Part 8 of this document.

Financial Intermediaries Authorised to use this Prospectus

The Company consents to the use of this Prospectus, and accepts responsibility for the contents of this Prospectus with respect to a subsequent resale or final placement of New Ordinary Shares by any financial intermediary, which has been authorised by the Company to use this Prospectus. The Company’s authorisation will last, unless revoked by the Company, in which case it will issue an RIS announcement of such revocation, until the Placing Programme closes on 15 December 2014. The New Ordinary Shares may therefore be offered by authorised financial intermediaries as a subsequent resale or final placement under this Prospectus until the Placing Programme closes. Financial intermediaries that have been authorised by the Company, may use this Prospectus in the United Kingdom.

In the event of an offer being made by a financial intermediary authorised by the Company to use this Prospectus, the financial intermediary will provide information to investors on the terms and conditions of the offer at the time that the offer is made.

The following table sets out the identity and address of the financial intermediaries that are, at the date of this Prospectus, authorised to use it in order to effect a subsequent resale or final placement of New Ordinary Shares:

| | |
|--------------------------------|--|
| Winterflood Securities Limited | The Atrium Building Cannon Bridge House 25 Dowgate Hill London EC4R 2GA |
| Numis Securities Limited | The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT |
| Canaccord Genuity Limited | 88 Wood Street London EC2V 7QZR |
| J.P. Morgan Securities plc | 25 Bank Street Canary Wharf London E14 5JP |

The Company shall publish an RIS announcement of the name and address of any further financial intermediaries that do not appear in the above table that it subsequently authorises to use this Prospectus for the resale or final placement of New Ordinary Shares.

PART 3:

EXPECTED TIMETABLE AND STATISTICS

1. Expected Timetable of Principal Events

| | |
|--------------------------|------------------|
| Placing Programme opens | 20 December 2013 |
| Placing Programme closes | 15 December 2014 |

*All times and dates in the expected timetable and in this document may be adjusted by the Company. Any changes to the timetable will be notified by publication of a notice through a RIS.

2. Issue Statistics

| | |
|---------------------------------------|---|
| Maximum size of the Placing Programme | 30,000,000 Ordinary Shares |
| Placing Price | Not less than the higher of the cum income Net Asset Value or ex income Net Asset Value per Ordinary Share at the time of allotment* |

*The maximum Placing Price will be equal to the best offer price per share at the time the proposed allotment is agreed.

PART 4:
DEFINITIONS

In this Prospectus, unless the context otherwise requires, the expressions as set out below shall bear the following meanings:

| | |
|--|---|
| Act | the Companies Act 2006, as amended from time to time; |
| Admission | admission of New Ordinary Shares to listing on the Official List of the UKLA and to trading on the London Stock Exchange's market for listed securities; |
| AGM | an annual general meeting of the Company; |
| AIC Code | the AIC Code of Corporate Governance; |
| AIC Guide | the AIC Corporate Governance Guide for Investment Companies; |
| AIF | the meaning given in regulation 3 of the AIFM Regulations; |
| AIFM | the meaning given in regulation 4 of the AIFM Regulations; |
| AIFM Directive | the Alternative Investment Fund Managers Directive, 2011 61/EU; |
| AIFMD Capital Requirement | the capital requirements set out in the AIFM Rules from time to time; |
| AIFMD Implementation Date | the earlier of the date that the Company's AIFM, receives the Part 4A permission of managing an AIF from the FCA, and 22 July 2014; |
| AIFMD Priority Return | an amount payable half yearly at the rate of 9 per cent. per annum of the balance of capital contributions made to the Manager from time to time by the Company in order for the Manager to satisfy the AIFMD Capital Requirement; |
| AIFM Regulations | the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773); |
| AIFM Rules | the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK, including without prejudice to the generality of the foregoing the AIFM Regulations and all relevant provisions of the FCA Handbook; |
| Articles or Articles of Association | the articles of association of the Company, a summary of which is set out in paragraph 4 of Part 8 of this Prospectus; |
| Audit Committee | the Company's audit committee as described in paragraph 19.4 of Part 6 of this Prospectus; |
| Auditor | Grant Thornton UK LLP (a limited liability partnership incorporated in England and Wales with registered number OC307742); |
| Bank of New York Mellon | Bank of New York Mellon's London and Brussels branches; |

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|--|---|
| Board or Directors | the directors of the Company whose names are set out in the paragraph headed “Directors” in Part 6 of this Prospectus; |
| Business Days | any day on which banks are open for business in Edinburgh and London (excluding Saturdays and Sundays); |
| Chairman | the chairman of the Board as elected from time to time; |
| Company | Finsbury Growth & Income Trust PLC; |
| Corporate Governance Code | the UK Corporate Governance Code published on 1 October 2012; |
| CREST | the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations; |
| cum income NAV | NAV calculated on the total value of underlying assets, including accumulated or accrued income, less any liabilities; |
| Custodian | Bank of New York Mellon; |
| Custody Agreement | the custody agreement between the Company and the Custodian, a summary of which is set out in paragraph 13.4 of Part 8 of this Prospectus; |
| Dealing Day | a day on which the London Stock Exchange is open for business; |
| Disclosure and Transparency Rules | the Disclosure Rules and Transparency Rules made by the FCA under section 72 of FSMA; |
| ERISA | The United States Employee Retirement Income Security Act of 1974, as amended; |
| Euroclear | Euroclear UK & Ireland Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST); |
| ex income NAV | NAV calculated on the total value of underlying assets, excluding accumulated or accrued income, less any liabilities; |
| Facility Agreement | the senior secured multicurrency revolving facility agreement between the Company, Scotiabank Europe PLC (as original lender and separately as security agent) dated 9 October 2009 as amended, changed, modified or supplemented on 17 February 2010, 6 October 2012, 5 October 2011 and 2 October 2013; |
| FATCA | the US Foreign Account Tax Compliance Act; |
| FCA | the Financial Conduct Authority and any successor thereto; |
| FCA Handbook | the FCA Handbook, as amended; |
| FSMA | Financial Services and Markets Act 2000; |
| FTSE 100 | the share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation; |
| FTSE 350 | the share index of the 350 companies listed on the London Stock Exchange with the highest market capitalisation; |

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| FTSE All-Share Index | an index which shows the performance of the UK and European markets; |
| HMRC | Her Majesty's Revenue and Customs; |
| Investment Company Act | the United States Investment Company Act of 1940, as amended; |
| Investment Management Agreement | the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 13.2 of Part 8 of this Prospectus; |
| Investment Manager or Lindsell Train | Lindsell Train Limited (a company incorporated in England and Wales under the Act with registered number 03941727); |
| ISA and Junior ISA | investment plan and child plan respectively for the purposes of Chapter 3 of Part 6 of the Income Tax (Trading and Other Income) Act 2005 and the Individual Savings Account Regulations 1998 (SI 1998/1870) (as amended); |
| July General Meeting | the general meeting of the Company held at 11.00 a.m. on 30 July 2013; |
| LIBOR | the meaning given in the Facility Agreement; |
| Limited Liability Partnership Deed | the limited liability partnership deed relating to the Manager between the Company and a number of other parties, a summary of which is set out in paragraph 13.5 of Part 8 of this Prospectus; |
| Listing Rules | the listing rules made by the FCA under section 73A of FSMA; |
| London Stock Exchange | London Stock Exchange plc (a company registered in England and Wales with registered number 2075721); |
| Management, Administrative and Secretarial Services Agreement | the management, administrative and secretarial services agreement between the Company and the Manager, a summary of which is set out in paragraph 13.1 of Part 8 of this Prospectus; |
| Manager or Frostrow | Frostrow Capital LLP (a limited liability partnership incorporated in England and Wales under the Act with registered number OC323835); |
| Management Engagement Committee | the management engagement committee of the Company as described in paragraph 19.5 of Part 6 of this Prospectus; |
| Net Asset Value or NAV | in relation to an Ordinary Share, its net asset value and in relation to the Company, the aggregate net asset value of the Ordinary Shares, calculated in accordance with the Company's normal reporting policies from time to time; |
| New Ordinary Shares | the new ordinary shares of 25p each in the capital of the Company to be issued following the issue of this Prospectus pursuant to the Planning Programme; |
| Official List | the Official List maintained by the UK Listing Authority pursuant to Part VI of FSMA; |
| Ordinary Shares | ordinary shares of 25p each in the capital of the Company including, without limitation, where the context so admits, the New Ordinary Shares; |

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|---|--|
| Panel | the Panel on Takeovers and Mergers; |
| Performance Fee | the performance fee payable to Lindsell Train and Frostrow, as further described in paragraph 12 of Part 6 of this Prospectus; |
| Placing | a placing of New Ordinary Share made pursuant to the Placing Programme; |
| Placing Price | the price at which the New Ordinary Shares will be issued to placees, being such price, not less than the higher of the prevailing cum income Net Asset Value or ex income Net Asset Value per Ordinary Share nor more than the best offer price per Ordinary Share as quoted on the London Stock Exchange at the time that the proposed allotment is agreed, as shall be determined by the Directors in accordance with paragraph 6 of Part 5 of this Prospectus; |
| Placing Programme | the proposed programme of placings of up to 30,000,000 Ordinary Shares in aggregate, as described in this Prospectus; |
| Prospectus | this Prospectus; |
| Prospectus Rules | the prospectus rules made by the United Kingdom Listing Authority under section 73A of FSMA; |
| Recognised Investment Exchange | an investment exchange in relation to which a recognition order of the FCA is in force; |
| Regulations | the Uncertificated Securities Regulations 2001 (SI 2001/3755); |
| RPI | the Retail Price Index; |
| RIS or Regulatory Information Service | a regulatory information service that is on the list of regulatory information services maintained by the FCA; |
| Securities Act | the United States Securities Act of 1933, as amended; |
| Senior Independent Director | the senior independent director of the Company as elected from time to time; |
| Shareholders | the holders of the Ordinary Shares; |
| SORP | Statement of Recommended Practice for Financial Statements of Investment Trust Companies issued by the Association of Investment Trust Companies; |
| Takeover Code | the City Code on Takeovers and Mergers, as amended from time to time; |
| UK FATCA Regulations | the International Tax Compliance (United States of America) Regulations 2013 (SI 2013/1962); |
| UK GAAP | UK generally accepted accounting practice; |
| UK or United Kingdom | the United Kingdom of Great Britain and Northern Ireland; |
| UKLA or United Kingdom Listing Authority | the FCA as the competent authority for listing in the United Kingdom; |
| United States or U.S. | the United States of America its possessions or territories, any state of the United States of America and the District of |

| | |
|--------------------|---|
| | Columbia or any area subject to its jurisdiction or any political subdivision thereof; |
| U.S. Person | a U.S. person as defined by Regulation S of the Securities Act; |
| VAT | Value Added Tax; and |
| Winterflood | Winterflood Securities Limited acting through its division Winterflood Investment Trusts. |

In this prospectus, unless otherwise specified, all references to “**sterling**”, “**pounds**” or “**£**” are to United Kingdom pounds sterling and all references to “**p**” are to United Kingdom pence sterling.

PART 5:

THE PLACING PROGRAMME

1. Introduction

The Company intends to issue up to 30,000,000 Ordinary Shares pursuant to the Placing Programme. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Ordinary Shares over a period of time. The Placing Programme is intended to partially satisfy market demand for the Ordinary Shares and to raise further money for investment in accordance with the Company's investment policy.

2. Background to and reasons for the Placing Programme and issue of this Prospectus

During the year to 30 September 2013, the Ordinary Shares consistently traded close to the Net Asset Value per Ordinary Share, which indicates that there is reasonable demand for them in the market. In order to partially satisfy this demand, the Company issued 14,568,176 Ordinary Shares in the year ended 30 September 2013 and 3,315,000 Ordinary Shares between 1 October 2013 and 12 December 2013 (being the latest practicable date before the publication of this Prospectus). These Ordinary Shares were all issued at a premium to the cum income Net Asset Value per Share prevailing at the time of their issue. The placing programme described in the Company's prospectus dated 12 December 2012 closed on 12 December 2013. It is anticipated that the limit on the number of new Ordinary Shares that can be admitted to the Official List without the publication of a prospectus will be exhausted during the course of next year.

Despite regular issuance of Ordinary Shares, the Ordinary Shares have continued to trade at a premium to their Net Asset Value per Ordinary Share. On 12 December 2013 (being the latest practicable date before the publication of this Prospectus) the premium to the cum income Net Asset Value per Ordinary Share was 0.28 per cent. In the face of this continuing demand and having regard to the benefits of enlarging the Company, Shareholder authority to issue further Ordinary Shares on a non-pre-emptive basis was granted at the July General Meeting. In seeking such authorities the Directors took and will take into account relevant factors, including the desirability of limiting the premium to Net Asset Value at which the Company's Ordinary Shares trade in order to ensure that long term Shareholders who regularly acquire Ordinary Shares and new investors who acquire Ordinary Shares are not disadvantaged by being required to acquire additional Ordinary Shares at a high premium to NAV per Ordinary Share.

3. Benefits of the Placing Programme

The Directors believe that the issue of Ordinary Shares pursuant to the Placing Programme should yield the following principal benefits:

- (a) maintain the Company's ability to issue New Ordinary Shares, so as to better manage the premium at which the Ordinary Shares trade to NAV per Ordinary Share;
- (b) enhance the NAV per Ordinary Share of existing Ordinary Shares through new share issuance at a premium to the cum income NAV per Ordinary Share;
- (c) grow the Company, thereby spreading operating costs over a larger capital base which should reduce the total expense ratio; and
- (d) improve liquidity in the market for the Company's Ordinary Shares.

The Directors have considered and will consider the potential impact of the Placing Programme on the payment of dividends to Shareholders and intends to ensure that it will not result in any material dilution of the dividends per Ordinary Share that the Company may be able to pay. In the event that the Placing Programme is fully subscribed, an existing Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 3.71 per cent. of the Company's issued Ordinary Share capital.

4. The Placing Programme

The Placing Programme will open on 20 December 2013 and will close on the date on which this Prospectus ceases to remain valid, which is expected to be a date twelve months from the date of this Prospectus. The maximum number of Ordinary Shares to be issued pursuant to the Placing Programme is 30,000,000. Such New Ordinary Shares will, subject to the Company's decision to proceed with an allotment at any given time, be issued to Winterflood or such other financial intermediary as may be authorised by the Company to use this Prospectus from time to time at the Placing Price. Winterflood or such other financial intermediary as may be authorised by the Company to use this Prospectus from time to time will trade the New Ordinary Shares in the secondary market. No Ordinary Shares will be issued at a discount to the Net Asset Value per Ordinary Share at the time of the relevant allotment. The Company will not issue any New Ordinary Shares at a discount of 10 per cent. or more to the middle market price of the Ordinary Shares at the relevant time without further Shareholder approval.

The allotment of New Ordinary Shares under the Placing Programme is at the discretion of the Directors. Allotments may take place at any time prior to the closing date of the Placing Programme. An announcement of each allotment will be released through a RIS. It is anticipated that dealings in the New Ordinary Shares will commence three Business Days after their allotment. Whilst it is expected that all New Ordinary Shares allotted pursuant to the Placing Programme will be issued in uncertificated form, if any New Ordinary Shares are issued in certificated form it is expected that share certificates will be despatched ten Business Days after the relevant allotment date.

The minimum subscription pursuant to the Placing Programme will be £50,000. There is no maximum subscription.

The Placing Programme is not being underwritten and, as at the date of this Prospectus, the actual number of Ordinary Shares to be issued under the Placing Programme is not known. The number of Ordinary Shares available under the Placing Programme should not be taken as an indication of the number of Ordinary Shares finally to be issued.

So far as the Directors are aware as at the date of this document, no major Shareholders or Directors intend to make a commitment for Ordinary Shares under the Placing Programme.

Applications will be made to the UKLA for the New Ordinary Shares issued pursuant to the Placing Programme to be admitted to the Official List and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. All Ordinary Shares issued pursuant to the Placing Programme will be allotted conditionally on such Admission occurring. The Prospectus has been published in order to obtain Admission to the Official List of any Ordinary Shares issued pursuant to the Placing Programme. This will include any Ordinary Shares issued under the Directors' existing authority to issue Ordinary Shares on a non-pre-emptive basis after the date of this Prospectus. Should the Board wish to issue New Ordinary Shares in excess of the amount which it will then be authorised to allot, further authorities will be sought at an appropriate time by convening a general meeting of Shareholders for this purpose.

The Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the allotment of the relevant New Ordinary Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue New Ordinary Shares pursuant to the Placing Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion

5. Conditions

Each allotment of Ordinary Shares pursuant to the Placing Programme is conditional on:

- (a) Shareholder authority for the disapplication of pre-emption rights in respect of the relevant allotment being in place;
- (b) the Placing Price being determined by the Directors as described below; and
- (c) Admission of the Ordinary Shares issued pursuant to such allotment.

In circumstances in which these conditions are not fully met, the relevant issue of Ordinary Shares pursuant to the Placing Programme will not take place.

6. Calculation of the Placing Price

The Placing Price will be calculated by reference to the higher of the estimated cum or ex income Net Asset Value of each existing Ordinary Share together with a premium intended to cover the costs and expenses of the Placing (including, without limitation, any placing commissions) and the initial investment of the amounts raised. The maximum Placing Price in respect of any allotment of New Ordinary Shares will be equal to the best offer price per Ordinary Share as quoted on the London Stock Exchange at the time that the proposed allotment is agreed. The Directors will determine the Placing Price on the basis described above so as to cover the costs and expenses of the Placing and thereby avoid any dilution of the Net Asset Value of the existing Ordinary Shares held by Shareholders. Assuming a NAV of 489.12 pence (being the cum income NAV at the latest practicable date prior to the publication of the Prospectus), the Placing Price would be 492.54 pence, and the expenses borne by the investor would be 3.42 pence per New Ordinary Share.

Fractions of Ordinary Shares will not be issued and placing consideration will be allocated accordingly.

Where New Ordinary Shares are issued, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Placing Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue are expected to be invested in investments consistent with the investment objective and policy of the Company and the Placing Price will always represent a modest premium to the then prevailing Net Asset Value.

In the event that the Placing Programme is fully subscribed, an existing Shareholder holding shares representing 5 per cent. of the Company's issued Ordinary Share capital, who does not participate in the Placing Programme, would, following the completion of the Placing Programme, hold shares representing approximately 3.71 per cent. of the Company's issued Ordinary Share capital.

7. Settlement

Payment for New Ordinary Shares issued under the Placing Programme will be made through CREST or through Winterflood or such other financial intermediary as may be authorised by the Company to use this Prospectus from time to time, in any such case in accordance with settlement instructions to be notified to placees by Winterflood or such other financial intermediary as may be authorised by the Company to use this Prospectus from time to time. In the case of those subscribers not using CREST, monies received by Winterflood or such other financial intermediary as may be authorised by the Company to use this Prospectus from time to time will be held in a segregated client account pending settlement.

To the extent that any placing commitment is rejected in whole or in part, any monies received will be returned without interest at the risk of the placee.

8. Costs of the Placing Programme

The Company's fixed expenses in connection with the Placing Programme are estimated to amount to £115,000 (inclusive of VAT). Assuming that the Placing Programme is fully subscribed and a Placing Price of 490.50 pence per New Ordinary Share (being the mid market price as at the latest practicable date prior to the publication of the Prospectus), the gross proceeds would be £147,150,000, the costs of the Placing Programme would be £115,000 and the net proceeds of the Placing Programme would be £147,035,000.

9. Net Asset Value

As at 12 December 2013 (being the latest practicable date before the publication of this Prospectus), the unaudited Net Asset Value of the Company as a whole was £422.9 million and the unaudited cum income Net Asset Value per Ordinary Share was 489.12 pence and the unaudited ex income Net Asset Value per Ordinary Share was 486.31 pence.

10. Use of proceeds

The Placing Programme is intended to partially satisfy market demand for the Ordinary Shares and the net proceeds of the Placing Programme will be invested by the Investment Manager on behalf of the Company in accordance with the Company's published investment policy.

11. Profile of typical investor

The typical investors for whom the New Ordinary Shares are intended are professionally advised private investors, or institutional investors, seeking capital and income growth from a portfolio of securities of mainly UK listed companies. The New Ordinary Shares may also be suitable for financially sophisticated non-advised private investors who are capable of evaluating the risks and merits of an investment in the Company and who have sufficient resources to bear any loss that may result from such an investment. However, such investors should consider consulting an independent financial adviser authorised under FSMA before investing.

PART 6:

THE COMPANY

1. Introduction

Finsbury Growth & Income Trust PLC is a public company limited by shares incorporated in 1926 in Scotland under the Act and domiciled in the United Kingdom. Ordinary Shares of the Company are admitted to the Official List and to trading on the London Stock Exchange.

As at 12 December 2013, the Company had 86,451,557 Ordinary Shares in issue. In order to enable the Company to continue to seek Admission of further Ordinary Shares, in response to market demand, while remaining compliant with the Prospectus Rules, the Company is publishing this Prospectus. This Prospectus does not contain or constitute an offer to the public of New Ordinary Shares or the solicitation of an offer to buy or subscribe for New Ordinary Shares.

2. Investment Policy and Objective

The Company's investment objective is to achieve capital and income growth and to provide Shareholders with a total return in excess of that of the FTSE All-Share Index.

The Company invests principally in the securities of UK quoted companies, although up to a maximum of 20 per cent. of the Company's portfolio, at the time of acquisition, can be invested in quoted companies worldwide. Where possible, a minimum position size of 1 per cent. of the Company's gross assets is held unless the holding concerned is being built or disposed of.

The Company does not and will not invest more than 15 per cent., in aggregate, of the value of the gross assets of the Company in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

Further, the Company does not and will not invest more than 10 per cent., in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.

No investment will be made in any company or fund where Lindsell Train acts as the investment manager without the prior approval of the Board.

The Company's gearing policy is that gearing will not exceed 25 per cent. of the Company's net assets. In normal market conditions it is expected that the level of gearing will be between 5 per cent. and 25 per cent. of the Company's net assets.

The Company has the ability to invest a proportion (up to 25 per cent. of its gross assets) in preference shares, bonds and other debt instruments, although no more than 10 per cent. of any one issue may be held. In addition, a maximum of 10 per cent. of the Company's gross assets can be held in cash, where the Investment Manager believes market or economic conditions make equity investment unattractive or while seeking appropriate investment opportunities or to maintain liquidity.

Whilst performance is measured against the FTSE All-Share Index, the Company's portfolio is constructed and managed without reference to a stock market index, investments being selected only after extensive research by the Investment Manager. The Investment Manager uses a bottom-up stock picking approach and looks to invest in a universe of excellent UK listed businesses that appear undervalued.

In accordance with the Listing Rules, the Company can only make a material change to its investment policies with the approval of its Shareholders.

3. Investment Process

The investment process adopted by Lindsell Train, the Company's investment manager, is underpinned by a focus on long term investments and total return as a prerequisite for stock selection.

The process seeks to add value by establishing large holdings in a limited number of predominantly UK companies – the Company's portfolio normally comprises approximately 30 investments – and then maintaining these positions for long periods. However, the Company will sell the holdings when appropriate. The characteristics sought in portfolio companies are:

- durability: companies that can prosper through business cycles for many years to come;
- high return on equity: companies with the ability to grow earnings on a consistent basis are favoured over those with rapid short term growth, but uncertain long term prospects; and
- low capital intensity/high free cash flow generation: companies that do not have to make heavy balance sheet investment to generate earnings growth.

The key stage of the investment process is to identify companies that meet these criteria and Lindsell Train concentrates on areas where it believes it has a competitive advantage in identifying quality business, for example branded consumer goods, media and retail financial services.

4. Investment Portfolio

The portfolio will normally comprise approximately 30 investments. Unless driven by market movements, securities in FTSE 100 companies and comparable companies listed on an overseas stock exchange will normally represent between 50 per cent., and 100 per cent., of the portfolio; securities in FTSE 350 companies and comparable companies listed on overseas stock exchanges will normally represent at least 70 per cent. of the portfolio.

As at the date of this Prospectus, the investments of the Company and the sectoral portfolio allocation were:

| <i>Investment</i> | <i>Business Sector</i> | <i>Percentage of Company's Investments</i> |
|----------------------------------|------------------------|--|
| <i>Equities</i> | | |
| A.G. Barr | Consumer Goods | 5.5 |
| Burberry Group | Consumer Goods | 2.8 |
| Celtic | Consumer Services | 0.4 |
| Daily Mail & General Trust | Consumer Services | 6.1 |
| Diageo | Consumer Goods | 8.5 |
| Dr Pepper Snapple^ | Consumer Goods | 2.0 |
| Euromoney Institutional Investor | Consumer Services | 2.7 |
| Fidessa | Information Technology | 5.5 |
| Frostrow Capital LLP+ | Financials | 0.1 |
| Fuller Smith & Turner | Consumer Services | 1.5 |
| Greene King | Consumer Services | 3.5 |
| Hargreaves Lansdown | Financials | 4.9 |
| Heineken ** | Consumer Goods | 6.6 |
| Kraft Foods Group^ | Consumer Goods | 1.5 |
| Lindsell Train Investment Trust | Financials | 0.8 |
| London Stock Exchange | Financials | 5.2 |
| Mondelez Int. ^ | Consumer Goods | 2.5 |
| Pearson | Consumer Services | 7.7 |
| Rathbone Brothers | Financials | 4.1 |
| Reed Elsevier | Consumer Services | 5.6 |
| Sage Group | Information Technology | 4.7 |
| Schroders | Financials | 5.5 |
| Thompson Reuters - | Consumer Services | 2.1 |

| <i>Investment</i> | <i>Business Sector</i> | <i>Percentage of Company's Investments</i> |
|--|------------------------|--|
| Unilever | Consumer Goods | 8.5 |
| Young & Co.'s Brewery | Consumer Services | 1.7 |
| <i>Preference shares</i> | | |
| Celtic 6 per cent (cumulative convertible pref)* | Consumer Services | 0.0 |
| | | <u>100.0</u> |

All of the above investments are equities unless identified as set out below:

- ^ Listed in the United States
- - Listed in Canada
- * Non-equity – Preference shares
- + Unquoted limited liability partnership interest
- ** Listed in the Netherlands

| <i>Sector</i> | <i>Percentage of Company's investments</i> |
|------------------------|--|
| Consumer Services | 31.3 |
| Consumer Goods | 37.9 |
| Financials | 20.6 |
| Information Technology | 10.2 |
| Preference shares | 0.0 |
| | <u>100.0</u> |

The above information is sourced from the Company's management accounts and is unaudited. The percentage of Company's investments is only accurate as at 12 December 2013, the latest practicable date prior to the publication of this Prospectus. Further details of the Company's investments are set out in Part 8 of this Prospectus

Following the AIFMD Implementation Date, and in accordance with the AIFM Rules, the Manager intends to publish the following information in relation to the Company's portfolio in its annual report and audited accounts, which can be found on the Company's website – www.finsburygt.com:

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Company;
- the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks;
- any changes to the maximum level of leverage which the AIFM may employ on behalf of the Company as well as any right of the reuse of collateral or any guarantee granted under the leveraging arrangement. The Company will, in addition notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement on an RIS; and
- the total amount of leverage employed by the Company.

5. Investment Trends and Outlook

In respect of the year ended 30 September 2013, on a total return basis, the Company's NAV per Ordinary Share outperformed its benchmark, the FTSE All-Share Index.

The Company's investment strategy has continued to deliver good returns and during the year ended 30 September 2013 the Net Asset Value total return was 31.6 per cent. with the share price total return being 30.5 per cent. These returns compare to a total return from the Company's benchmark index of 18.9 per cent.

The investment strategy adopted by the Investment Manager has remained largely unchanged since its appointment in late 2000. The strategy adopted involves making long term commitments to a limited number (due to their scarcity) of exceptional companies. These companies own strong brands or business franchises. The Board is comfortable with the Investment Manager's strategy to pay little attention to macro-economic factors, as it believes that such concerns have little impact on the long term value of quality equity assets.

The Board believes that the Company's performance since Lindsell Train's appointment in late 2000 (Net Asset total return of 193.0 per cent. compared to a total return from the Company's benchmark index of 74.5 per cent. and an average annual turnover of less than 6.0 per cent.) demonstrates that it is possible to achieve good performance through investing in UK equities without buying and selling portfolio securities on a short term basis. The Company continues to perform competitively because the Investment Manager concentrates on the strengths and weaknesses of individual companies, only investing in companies that it analyses to be good.

The Board believes that background market conditions are encouraging for equity investing. It believes that the following three macro facts are positive. First, that technology change is creating new industries, new companies and new opportunities for existing companies. Secondly, that the world's population continues to grow, and more people are being lifted out of poverty. Finally, that the risks to the real value of competing asset classes, namely government bonds and cash, mean that there is a compelling case to commit long term capital to stocks.

6. Performance

The Company's performance is measured against that of the FTSE All-Share Index. To 30 September 2013, the performance, in total return terms, was as follows:

| | <i>6 months</i> % | <i>1 year</i> % | <i>3 years</i> % | <i>5 years</i> % |
|---|----------------------|--------------------|---------------------|---------------------|
| Company (NAV per Ordinary Share – total return) | 3.9 | 31.6 | 68.7 | 163.1 |
| FTSE All-Share Index (total return) | 3.8 | 18.9 | 33.4 | 66.2 |

Source: Unaudited information from Morningstar.

7. Directors

The Directors, all of whom are non-executive and all of whom are independent of the Investment Manager, are responsible for the determination of the investment policy of the Company and the supervision of the implementation of such policy. The Board consists of:

Anthony Townsend (Chairman)

Anthony Townsend, aged 65, rejoined the Board in February 2005 and became Chairman in January 2008. He has spent over 40 years working in the City and was chairman of the Association of Investment Companies from 2001 to 2003. He is chairman of Baronsmead VCT 3 plc, British & American Investment Trust PLC, F&C Global Smaller Companies PLC and Miton Worldwide Growth Investment Trust PLC. Anthony is chairman of the Management Engagement Committee.

John Allard

John Allard, aged 67, has served on the Board since October 2000. A director of M&G Investment Management for 16 years, he was an investment manager with M&G for over 20 years, specialising in equity income funds. John has been a director of various investment trust companies since 1981.

Neil Collins

Neil Collins, aged 66, has served on the Board since 30 January 2008. He has spent most of his career in financial journalism and was City Editor of The Daily Telegraph for nearly 20 years until he retired from the position in 2005. Prior to that he had been City Editor of the London Evening Standard and the Sunday Times. A former columnist for the London Evening Standard and commentator for Reuters, Neil currently writes a weekly column for the Financial Times on Saturdays. Neil is also a director of Templeton Emerging Markets Investment Trust PLC.

David Hunt, FCA

David Hunt, aged 66, joined the Board in July 2006. A Chartered Accountant, he was formerly a director in the Assurance and Business Services division of Smith & Williamson Limited. Prior to that he was a partner at both Binder Hamlyn and Andersen. David has over 30 years' experience advising quoted companies and is a member of the Audit and Risk Committee of the Church of England Pensions Board. He is chairman of the Audit Committee and is also the Senior Independent Director.

Vanessa Renwick

Vanessa Renwick, aged 52, has served on the Board since 2000. She has over 20 years' experience in the investment funds industry, having worked for Laing & Cruickshank and UBS Warburg. She has particular expertise in corporate finance and marketing.

8. Manager

The Manager was established in 2007 and provides specialist management, administrative, company secretarial and marketing services to six investment companies.

The Manager won the Specialist Group of the Year award at the Investment Week, Investment Company of the Year Awards 2012.

9. Investment Manager

Lindsell Train is an independent investment management company founded in 2000 which specialises in managing UK, Japanese and global equity mandates. The Investment Manager had approximately £3.2 billion of total funds under management as at 31 October 2013.

Lindsell Train won the Global Manager of the Year award at the Investment Week, Investment Company of the Year Awards 2012.

10. Management, Administrative and Secretarial Services Agreement, AIFM

Management and administrative, secretarial and other services are provided by Frostrow. The Management, Administrative and Secretarial Services Agreement may be terminated by either party giving not less than 12 months' notice.

A periodic fee is payable by the Company to Frostrow of 0.15 per cent. of the adjusted market capitalisation of the Company (calculated in accordance with the Management, Administrative and Secretarial Services Agreement) (the "**Periodic Fee**"). The Manager is also entitled to an annual fixed fee (the "**Fixed Fee**") of £70,000 calculated monthly and payable monthly in arrears.

Frostrow, under the terms of the Management, Administrative & Secretarial Services Agreement provides *inter alia* the following services:

- marketing and shareholder services;
- company secretarial and administrative services;
- advice and guidance in respect of corporate governance requirements;
- performance measurement reports;
- maintenance of adequate accounting records and management information;
- preparation and despatch of the audited annual financial statements, the unaudited interim report and the interim management statements; and
- attending to general tax affairs where necessary.

The Board has approved in principle the appointment of the Manager as the Company's AIFM and the parties intend to amend the terms of the Management, Administrative and Secretarial Services Agreement, so that it will record the terms of the appointment of the Manager as the Company's AIFM, and, more generally, so that it will comply with the requirements of the AIFM Rules. Following the AIFMD Implementation Date, the Manager intends to cover potential professional liability risks resulting from its activities as AIFM by holding professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, in accordance with the AIFM Rules. A supplementary prospectus will be published if required under section 87G of FSMA in respect of the Company's appointment of an AIFM.

11. Investment Management Agreement

Discretionary investment management services are provided by Lindsell Train. The Investment Management Agreement may be terminated by either party giving not less than 12 months' notice.

The Investment Manager is appointed to manage the investment trust and to advise the Company in relation to the investment portfolio.

An annual fee is payable by the Company to Lindsell Train of 0.45 per cent. of the average market capitalisation of the Company over the year (the "**Periodic Fee**").

Lindsell Train, under the terms of the Investment Management Agreement, is responsible for:

- seeking out and evaluating investment opportunities for investment by the Company, including making such company visits and obtaining such information as may prove necessary from time to time;
- recommending the manner in which any moneys raised by the Company might be invested taking into account the Company's particular requirements;
- recommending the manner in which any moneys required for outgoings of the Company should be retained or realised;
- advising whether and in what manner all rights conferred by the investments of the Company should be exercised;
- analysing the performance of the investments and advising the Company generally in relation to investment trends, market movements and all other matters likely, or which might reasonably be considered likely, to affect the investment policy of the Company;
- providing such information to the Board as it reasonably requests, and at such times and with such frequency as it will reasonably request; and
- marketing the shares in the Company as may be required from time to time, subject to the FSMA and the FCA Rules.

Lindsell Train and the Company intend to amend the terms of the Investment Management Agreement to ensure that it complies with the requirements of the AIFM Rules. A supplementary prospectus will be published if required under section 87G of FSMA in respect of the amendments.

12. Performance Fee

Dependent on the level of performance achieved, Lindsell Train and Frostrow are entitled to the payment of the Performance Fee. The calculation basis of the Performance Fee is by reference to the annual increase in the Company's adjusted market capitalisation per share, but only after attainment of an absolute return hurdle, which is the sum of the increase in the RPI in the year, plus a fixed return of 6 per cent. The performance fee is calculated annually and is based on 15 per cent. of the outperformance per share over the absolute return hurdle.

Lindsell Train receives 85 per cent. and Frostrow receives 15 per cent. of the Performance Fee. The total Fixed, Periodic and Performance Fees payable in any one year to Lindsell Train and Frostrow are capped at 1.25 per cent. of the Company's market capitalisation. Any outperformance, that would have resulted

in a higher fee being paid had there been no cap, is carried forward into the calculation of future years' fees.

Similarly, in the case of underperformance, any underperformance has to be made up in future years before a performance fee becomes payable in those years.

During the year to 30 September 2013 the RPI rose by 3.15 per cent, therefore the performance fee hurdle, as at 30 September 2013, was 602.18p per Ordinary Share. The Company's adjusted market capitalisation per share as at 30 September 2013 was 488.81p. In the year to 30 September 2013, no performance fee was accrued or paid. Since that date no performance fee has accrued.

13. Capital Structure

13.1 *Share capital and duration*

The Company's share capital structure consists solely of Ordinary Shares. As at 12 December 2013 (being the latest practicable date at which such figure could be ascertained before the publication of this Prospectus), the Company had 86,451,557 Ordinary Shares in issue. The Ordinary Shares are in registered form and may be held in certificated or in uncertificated form.

The Company does not have a winding-up date or any periodic continuation votes.

13.2 *Further issues of Ordinary Shares*

The Board's policy is to issue New Ordinary Shares at a premium to the higher of the cum income NAV or the ex income NAV per Ordinary share into the market when demand arises. The Company issued 14,568,176 Ordinary Shares in response to market demand between 1 October 2012 and 30 September 2013. Following the year end and up to 12 December 2013 (being the latest practicable date at which such figure could be ascertained before the publication of this Prospectus), a further 3,315,000 Ordinary Shares were issued. Shareholder authority was granted at the July General Meeting to issue up to 8,098,655 New Ordinary Shares. The placing programme described in the Company's prospectus dated 12 December 2012 closed on 12 December 2013. It is anticipated that the limit on the number of new Ordinary Shares that can be admitted to the Official List without the publication of a prospectus will be exhausted during the course of next year.

The proceeds from the issue of New Ordinary Shares will be used in accordance with the Company's current investment policy and objective, as described in paragraph 2 of part 6 above, which can only be materially changed with the approval of Shareholders. Such proceeds will not necessarily be invested in securities of the portfolio companies set out in paragraph 4 above.

Should the Board wish to issue New Ordinary Shares in excess of the amount which it will then be authorised to allot, further authorities will be sought at an appropriate time by convening a general meeting of Shareholders for the purpose. It is expected that this Prospectus will remain valid for twelve months from the date hereof, subject to the requirement under the Prospectus Rules to the publication of supplementary prospectuses to disclose any significant changes in the financial or trading position of the Company.

13.3 *Borrowings*

The Company has a secured multicurrency revolving credit facility of £30 million with an option (at the Company's request) to increase the facility by £20 million up to an aggregate of £50 million for a fixed term expiring in October 2016. This facility carries a rate of interest calculated for each interest period, as agreed between the Company and the lender, equal to the percentage rate per annum which is the aggregate of 1.30 per cent. plus LIBOR plus a mandatory cost calculated in accordance with the mandatory cost formula as more particularly described in the Facility Agreement. As at 12 December 2013 (being the latest practical date at which such figure could be ascertained before the publication of this Prospectus), £20.8 million was drawn down under this facility, which equates to net gearing of 5 per cent. of the Company's net assets. This is consistent with the Company's gearing policy that the Company's gearing should not exceed 25 per cent. of its net assets.

14. Share Buybacks

Since 2 April 2004, the Board has applied an active discount management policy, buying back Ordinary Shares where these are available in the market at a discount of approximately 5 per cent. (or more) to the ex income Net Asset Value per Ordinary Share. The making and timing of any share buybacks is at the absolute discretion of the Board.

The Board's policy is that Ordinary Shares bought back by the Company will, to the maximum extent permitted by law, be retained in treasury to be reissued at a future date and resold by the Company. Such Ordinary Shares may (subject to there being in force a resolution of Shareholders to disapply the statutory rights of pre-emption that would otherwise apply) be resold by the Company at a discount to the prevailing ex income Net Asset Value per Ordinary Share, provided that the discount at which they are sold is less than the discount at which they were bought back by the Company.

In the year ended 30 September 2013, no Ordinary Shares were repurchased by the Company and no Ordinary Shares were reissued out of treasury. At the date of this Prospectus, the Company did not hold any Ordinary Shares in treasury.

15. Dividend Policy

In respect of the year ended 30 September 2013, the Company paid aggregate dividends of 10.5p per Ordinary Share. Future dividends paid by the Company will reflect the dividends earned on the Company's portfolio and, subject to unforeseen circumstances, the Board's objective is to maintain its progressive dividend policy over the long term.

The Board's current policy is to pay two interim dividends in respect of the Company's financial year, typically in May and November. On 18 March 2013 the Board declared an interim dividend of 4.8p per Ordinary Share which was paid on 2 May 2013 to those Shareholders on the register of members on 5 April 2013. On 1 October 2013 the Board declared a second interim dividend of 5.7p per Ordinary Share which was paid on 8 November 2013 to those Shareholders on the register of members on 11 October 2013.

16. Shareholder Information

The Company's annual report and accounts are prepared up to 30 September each year and copies are normally sent to Shareholders in December of the same year. Shareholders also receive an unaudited half year report covering the six months to 31 March each year which is expected to be despatched in May or June of that year. The Net Asset Value of an Ordinary Share is published daily and information on performance, holdings and investment activity is collated monthly by the Manager in the form of a factsheet to be made available on the Company's dedicated website: www.finsburygt.com.

17. Investment Trust and Regulatory Status

The Directors intend to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010. HMRC has confirmed that the Company will be accepted as an approved investment trust for accounting periods commencing on or after 1 October 2012, subject to the Company continuing to meet the eligibility conditions in section 1158 Corporation Taxes Act 2010 and the ongoing requirements for approved companies in Chapter 3 of Part 2 of the Investment Trust (Approved Company) (Tax) Regulations 2011. At the date of this Prospectus, the Board believes that the Company has satisfied all the conditions for approval as an investment trust. The Company is not (and is not required to be) regulated or authorised by the FCA under FSMA but, in common with other issuers listed on the Official List, is subject to the Listing Rules and the Disclosure and Transparency Rules made by the FCA and is bound to comply with applicable laws including the Act and FSMA.

18. Custody Arrangements

The Company has appointed the Bank of New York Mellon as its custodian under the Custody Agreement, further details of which are set out in paragraph 13.4 of Part 8.

The Bank of New York Mellon's London and Brussels branches act as custodian for the Company and the Bank of New York Mellon is authorised and regulated by the FCA under FSMA with firm reference number: 122467.

The Board has approved in principle the appointment of BNY Mellon Trust & Depositary (UK) Limited as the Company's depositary, and is currently negotiating the terms of its appointment. A supplementary prospectus will be published if required under section 87G of FSMA.

19. Corporate Governance

19.1 Compliance

The Company is committed to high standards of corporate governance and the Board attaches importance to the matters set out in the Corporate Governance Code and continues to apply the "Main and Supporting Principles" of the Corporate Governance Code where relevant.

As an investment trust company, most of the Company's day to day responsibilities are delegated to third parties and the Directors are all non-executive. Thus not all the provisions of the Corporate Governance Code are directly applicable to the Company. The Board has taken appropriate action to ensure that the appropriate level of corporate governance is attained and the Company's practices are consistent with the Principles of the Corporate Governance Code.

The Board considers that it managed its affairs throughout the year ended 30 September 2013 in compliance with the recommendations of the AIC Code and the relevant provisions of section 1 of the Corporate Governance Code, save that, for the reasons referred to below, the Company does not comply with the Corporate Governance Code provisions relating to:

- (a) the role of the chief executive;
- (b) executive directors' remuneration;
- (c) the need for an internal audit function;
- (d) the Chairman of the Company continuing in the Chair at Board meetings when Directors' remuneration matters are considered; and
- (e) the need for a separate nomination committee.

For the reasons set out in the AIC Guide, and in the preamble to the AIC Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment trust. The Company has therefore not reported further in respect of these provisions.

19.2 Internal Audit

As the Company delegates to third parties its day-to-day operations and has no employees, the Board has determined that there are no requirements for an internal audit function. The Board reviews annually whether a function equivalent to an internal audit is needed and it will continue to monitor its systems of internal controls in order to provide assurance that they operate as intended.

19.3 Board Independence, Composition and Tenure

The Board, chaired by Anthony Townsend who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role, currently consists of five non-executive Directors. The Board currently meets five times a year and receives full information about the Company's investment performance assets, liabilities and other relevant information in advance of Board Meetings. The Directors' biographical details, set out in paragraph 7 of this Part 6, demonstrate a breadth of investment, commercial and professional experience. David Hunt has been designated as the Senior Independent Director, who can act as a sounding board for the Chairman and also acts as an intermediary for the other Directors when necessary. The Directors review their independence annually.

All Directors have agreed to stand for re-election annually. As a result of this decision Directors are required to seek election more frequently than as currently set out in the Company's Articles of Association.

John Allard and Vanessa Renwick have served in excess of nine years on the Board. Nonetheless, the Board considers them to be independent in character and judgement and does not consider that the criterion of length of service should necessarily preclude them from being so considered. Anthony Townsend, David Hunt and Neil Collins are all also considered by the Board to be independent. This position accords with the recommendation of the AIC Code that a director may be viewed as being independent notwithstanding service longer than nine years. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgement and that there are no other relationships or circumstances which are likely to affect their judgement.

The Chairman regularly reviews the training and development needs of each Director. Directors' appointments are reviewed formally every three years by the Board. Any Director may resign in writing to the Board at any time.

The Board also receives regular briefings from, amongst others, the Auditor and the Manager regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors.

19.4 *Audit Committee*

The Audit Committee meets at least twice per year. It comprises the entire Board including the Chairman and is chaired by David Hunt. The Audit Committee is responsible for the review of the annual report and the half year report, the nature and scope of the external audit and the findings therefrom, and the terms of appointment of the auditors, including their remuneration and the provision of any non-audit services. Such services are authorised on a case by case basis; non-audit services provided are considered to be cost effective and have not created any infringement on the independence and objectivity of the auditors.

The Audit Committee meets representatives of the Manager and the Investment Manager and their compliance officers who report as to the proper conduct of business in accordance with the regulatory environment in which the Company, the Manager and the Investment Manager operate. The Company's Auditor also attends the Audit Committee at its request and reports on its work procedures, the quality and effectiveness of the Company's accounting records and its findings in relation to the Company's statutory audit. The Committee meets with the Auditor, without representatives of the Manager and the Investment Manager being present, at least once a year.

19.5 *Management Engagement Committee*

The Management Engagement Committee meets at least once per year. It comprises the entire Board and is chaired by Anthony Townsend. The Management Engagement Committee is responsible for the regular review of the terms of the Management, Administrative and Secretarial Agreement and Investment Management Agreement with, and the performance of, the Manager and Investment Manager and also the Company's other service providers.

19.6 *Policy on Directors' Fees*

The fees of the non-executive Directors are limited at £200,000 in aggregate (exclusive of value added tax if applicable). There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive directors. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

19.7 *Directors' Service Contracts*

It is the Board's policy that none of the Directors has a service contract. The terms of the Directors' appointment provide that they will retire and be subject to election at the first AGM after their appointment and to re-election annually thereafter. Those terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

20. Taxation

Information concerning the tax issues of the Company and the taxation of Shareholders is contained in paragraph 14 of Part 8 of this Prospectus. If any potential investor is in any doubt about the tax consequences of his/her acquiring, holding or disposing of New Ordinary Shares, he/she should seek advice from his/her own independent professional adviser.

21. Annual Running Expenses

In addition to management, administration and secretarial fees referred to above and in Part 8 of this document, the Company will pay all other fees, charges and expenses incurred in the operation of its business including, without limitation:

- brokerage and other transaction charges and taxes;
- Directors' fees and expenses;
- fees and expenses for custodial, registrar, legal, auditing and other professional services;
- any borrowing costs;
- the ongoing costs of maintaining the listing of the Ordinary Shares and their continued admission to trading on the London Stock Exchange;
- NAV publication costs;
- directors and officers insurance premiums;
- promotional expenses (including membership of any industry bodies, including the AIC, and marketing initiatives approved by the Board); and
- costs of printing the Company's financial reports and posting them to Shareholders.

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling Ordinary Shares.

22. Liquidity Risk Management

With effect from the AIFMD Implementation Date, the Manager shall maintain a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their Ordinary Shares from the Company but may trade their Ordinary Shares on the secondary market. However, there is no guarantee that there will be a liquid market in the Ordinary Shares.

Further details regarding the risk management process and liquidity management shall be available from the Manager, on request on or after the AIFMD Implementation Date.

23. Governing Law

The agreement between Shareholders and the Company is governed by English law and, by purchasing shares, Shareholders agree that the courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with the purchase of Ordinary Shares will be in English.

PART 7:

FINANCIAL INFORMATION RELATING TO THE COMPANY

1. Statutory accounts for three financial years ended 30 September 2013

Statutory accounts of the Company for the three financial years ended 30 September 2013, in respect of which the Company's auditor, Grant Thornton UK LLP, Chartered Accountants and Statutory Auditor, of 30 Finsbury Square, London EC2P 2YU, has given unqualified opinions that the accounts give a true and fair view of the state of affairs of the Company and of its total return and cash flows for the year ended 30 September 2013 and have been properly prepared in accordance with the Companies Act 2006

Save for the historical information of the Company for the three financial periods ended 30 September 2013 set out, or incorporated by reference, in paragraph 2.1 of this Part 7 of the Prospectus, none of the information in this Prospectus has been audited. Unless otherwise indicated, all unaudited financial information relating to the Company contained in this document has been sourced, without material adjustment, from the internal accounting records of the Company which are maintained by the Manager on the Company's behalf on a basis consistent with the Company's accounting policies.

2. Published annual reports and accounts for three financial years ended 30 September 2013

2.1 *Historical financial information*

The published annual reports and audited accounts for the Company for the three financial years ended 30 September 2013, which have been incorporated in this Prospectus by reference, included, on the pages specified in the table below, the following information:

| <i>Nature of Information</i> | <i>Annual report and accounts for the year ended 30 September</i> | | |
|--|---|----------------------------|----------------------------|
| | <i>2011 Page No(s)</i> | <i>2012 Page No(s)</i> | <i>2013 Page No(s)</i> |
| Income Statement | 31 | 34 | 38 |
| Balance sheet | 33 | 36 | 40 |
| Cash flow statement | 34 | 37 | 41 |
| Accounting policies | 35-36 | 38-39 | 42-43 |
| Notes to the financial statements (incorporating summary of principal accounting policies) | 35-46 | 38-49 | 42-54 |
| Audit report | 30 | 33 | 35-37 |

2.2 *Selected financial information*

The key audited figures that summarise the Company's financial condition in respect of the three financial years ended 30 September 2013, which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part 7 (unless otherwise indicated in the notes below the following table), are set out in the following table:

| | <i>As at or for year ended</i> | | |
|---|--------------------------------|-------------|-------------|
| | <i>30 September</i> | | |
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
| Total net assets (£'000) | 177,618 | 254,209 | 395,839 |
| NAV per Share (pence) | 310.3 | 370.7 | 476.1 |
| <i>Revenue</i> | | | |
| Net return (£'000) | 5,253 | 6,792 | 9,657 |
| Return per Share (pence) | 9.7 | 10.8 | 12.7 |
| Dividend per Share (pence) | 9.2 | 9.8 | 10.5 |
| <i>Total</i> | | | |
| Return attributable to Shareholders (£'000) | 8,599 | 43,192 | 85,207 |
| Return per Share (pence) | 15.8 | 68.8 | 112.1 |

2.3 *Operating and financial review*

The Company's published annual reports and accounts for the three financial years ended 30 September 2013 included, on the pages specified in the table below, descriptions of the Company's financial condition (in both capital and revenue terms); details of the Company's investment activity and portfolio exposure; and changes in its financial condition for each of those years.

| <i>Nature of Information</i> | <i>Annual report and accounts</i> | | |
|-------------------------------------|--|-------------------|-------------------|
| | <i>for the year ended 30 September</i> | | |
| | <i>2011</i> | <i>2012</i> | <i>2013</i> |
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The causes of material changes in the capital value of the Company's assets in these three financial years can be summarised as follows:

Year ended 30 September 2013

During the year the Company delivered a total return of £85,207,000 made up of a capital return of £75,550,000 and a net revenue return of £9,657,000. Dividends totalling £8,395,000 were declared for the year representing 10.5p per Ordinary Share.

The Company delivered a Net Asset Value total return of 31.6 per cent. and a share price total return of 30.5 per cent., outperforming the Company's benchmark index, the FTSE All-Share Index, measured on a total return basis, which rose by 18.9 per cent. The principal contributors to net asset value per share performance came from the Company's holdings in Schroders, London Stock Exchange, Heineken and Daily Mail & General Trust.

Year ended 30 September 2012

During the year the Company delivered a total return of £43,192,000 made up of a capital return of £36,400,000 and a net revenue return of £6,792,000. Dividends totalling £6,478,000 were declared for the year representing 9.8p per Ordinary Share.

The Company delivered a Net Asset Value total return of 21.1 per cent. and a share price total return of 23.6 per cent., out performing the Company's benchmark index, the FTSE All-Share Index, measured on a total return basis, which rose by 17.3 per cent. The principal contributors to net asset value per

share performance came from the Company's holdings in Diageo, Unilever, Rathbone Brothers and Hargreaves Lansdown.

Year ended 30 September 2011

During the year the Company delivered a total return of £8,599,000, made up of a capital return of £3,346,000 and a net revenue return of £5,253,000. Dividends totalling £5,093,000 were declared for the year representing 9.2p per Ordinary Share.

The Company delivered a Net Asset Value total return of 5.8 per cent. and a share price total return of 6.5 per cent., significantly outperforming the Company's benchmark index, the FTSE All-Share Index, measured on a total return basis, which fell by 4.4 per cent. over the same period. The principal contributions to net asset value per share performance came from the Company's holdings in Diageo, Pearson, Unilever and Rathbone Brothers.

2.4 *Availability of annual reports and accounts for inspection*

Copies of the Company's audited accounts for the three financial years ended 30 September 2013 are available for inspection at the address of Frostrow set out in paragraph 24 of Part 8 of this Prospectus.

PART 8:
GENERAL INFORMATION

1. Responsibility

The Company, whose registered office appears in paragraph 2 of this Part 8, and the Directors, whose names appear on pages 31 and 32 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect the import of such information.

2. The Company

2.1 Incorporation

- 2.1.1 The Company was incorporated in Scotland with an unlimited life on 15 January 1926. The Company is an investment company under section 833 of the Act.
- 2.1.2 The issued Ordinary Shares in the Company are listed on the Official List and are admitted to trading on the London Stock Exchange.
- 2.1.3 The principal legislation under which the Company operates is the Act. The Company is domiciled in the United Kingdom.
- 2.1.4 The address of the registered office of the Company is 50 Lothian Road, Festival Square, Edinburgh EH3 9WJ, with telephone number 0131 473 6000.
- 2.1.5 The Company has no employees and most of its day-to-day activities are delegated to third parties.

2.2 Principal Activities

The Articles of Association of the Company provide that the Company has unlimited objects. Further details of the Articles are set out in paragraph 4 of this Part 8 of the Prospectus and a copy of the same is available for inspection at the address specified in paragraph 24 of this Part 8 of this Prospectus.

3. Share Capital

As at 12 December 2013 (being the latest practicable date before the publication of this Prospectus), the Company had 86,451,557 Ordinary Shares in issue.

The Company's issued share capital history during the last three financial years and since 30 September 2011 is as follows:

- As at 30 September 2011 the Company had 57,237,423 Ordinary Shares of 25p each in issue. As at this date no Ordinary Shares were held in treasury. During the year 4,290,000 new Ordinary Shares were issued, 0 Ordinary Shares were reissued out of treasury and 0 Ordinary Shares were repurchased to be held in treasury.
- As at 30 September 2012 the Company had 68,568,381 Ordinary Shares of 25p each in issue. As at this date no shares were held in treasury. During the year 11,330,958 new Ordinary Shares were issued, no Ordinary Shares were reissued out of treasury and no Ordinary Shares were repurchased to be held in treasury.
- As at 30 September 2013 the Company had 83,136,557 Ordinary Shares of 25p each in issue. As at this date no shares were held in treasury. During the year 14,568,176 New Ordinary Shares were issued, no Ordinary Shares were reissued out of treasury and no Ordinary Shares were repurchased to be held in treasury.

By virtue of the special resolution passed at the July General Meeting, Shareholders' authority to issue on a non pre-emptive basis up to 8,098,655 New Ordinary Shares was granted.

This Prospectus relates to the issue of up to 30,000,000 New Ordinary Shares. The Prospectus Rules require the Company to set a maximum price for the issue of New Ordinary Shares under this Prospectus; to permit maximum flexibility the Directors have set this maximum issue price at £10 per New Ordinary Share.

4. Articles of Association

The Articles contain, *inter alia*, material provisions to the following effect:

4.1 *Modification of Rights*

Subject to the Act (and other company legislation) whenever the share capital of the Company is divided into different classes of shares, all or any of the rights and restrictions for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of the Articles as to the general meetings of the Company apply mutatis mutandis, but so that the quorum for a separate general meeting held in order to approve the modification of rights attaching to a particular class of shares in the Company is two persons holding at least one-third in nominal value of the issued shares of the relevant class (excluding any shares of that class held as treasury shares). If such general meeting is adjourned and a quorum is not present within fifteen minutes after the time appointed for the adjourned meeting, one holder of shares in the relevant class shall be a quorum. In respect of such general meeting: (i) only members holding the relevant class of shares will be given notice of and be entitled to attend; and (ii) any person present in person or by proxy, holding shares in the relevant class and entitled to vote, may demand a poll and that on a poll each person holding shares in the relevant class and entitled to vote shall have one vote for every share of that class which he holds.

4.2 *Alteration of share capital*

Subject to the Act, the Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub divide its shares or any of them into shares of smaller amount than is fixed by its constitution or was fixed by the resolution creating the shares. In any subdivision the proportion between the amount paid and the amount, if any, unpaid on each share of a smaller amount shall be the same as it was in the case of the share from which the share of a smaller amount was derived. The resolution whereby any share is sub divided may determine that as between the holders of the shares resulting from such sub division (but subject and without prejudice to any rights for the time being attached to the shares of any special class) one or more of the shares may have any such preferred or other special rights over, or may have such deferred or qualified rights or be subject to any such restrictions as compared with, the other or others as the Company has power to attach to unissued or new shares.

Subject to compliance with the terms of any such resolution as referred to in this Article, where any difficulty arises in regard to any consolidation and division under Article 57.1, the Board may settle the same as it thinks expedient and in particular may issue fractional certificates or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, or, if permitted for the retention of such net proceeds for the benefit of the Company, and for this purpose the Board may authorise some person to transfer the shares representing fractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

4.3 *Purchase by the Company of its own shares*

Subject to and in compliance with the Act (and other company legislation), the Company may, from time to time, purchase its own shares of any class so long as such shares are fully paid. Such purchase may be made out of profits or the proceeds of a fresh issue of shares made for the purpose or with any funds (including capital assets) in the hands of the Company and may be made on such terms as the Directors think fit.

4.4 *Issue of shares*

Subject to the Act (and other company legislation) and the Articles, the Board may offer, allot, grant options over or issue new shares in the Company or otherwise dispose of them to such persons, at such times, for such consideration and upon such terms and conditions as they may determine.

4.5 *Transfer of shares*

Subject to the Articles, any Shareholder can transfer all or any of his certificated shares by an instrument of transfer in the usual common form or in any other manner (whether or not by written instrument) which the Board approves.

Written instruments of transfer in respect of certificated shares have to be signed by or on behalf of the transferor and, if the share is only partly paid, the transferee. The transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register in respect of the share. The Company may retain all registered instruments of transfer.

The Directors can from time to time determine that the register of shares be suspended for a specified period not exceeding in whole thirty days in each year, provided that notice is given by advertisement in one national newspaper and such other newspaper, if any, as the Act (and other company legislation) requires.

The Directors have absolute discretion to decline, without giving reasons, the registration of any transfer of any certificated share which is not a fully paid share unless:

- (a) in the case of a share of a class which is listed on the Official List, maintained by the UKLA, to do so would prevent dealings in those shares from taking place on an open and proper basis; or
- (b) any written instrument of transfer, duly stamped, is lodged with the Company (or such other place as the Directors may decide) together with the certificate for the shares to which it relates and there is provided such evidence of ownership as the Directors may reasonably require to show the right of the transferor to make the transfer, the instrument of transfer is in respect of only one class of share and, 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.

If the Directors so decline to register a certificated share, the transferee must be sent notice of that refusal within two months (or such other period, if any, as may be prescribed by the Act (and other company legislation)).

4.6 *Uncertificated shares*

Subject to the Act (and other company legislation) and the Regulations and the requirements of the relevant system, the Directors may resolve that a class of shares is to become a participating security and that a class of shares is to cease to be a participating security.

Uncertificated shares may be transferred in accordance with the Regulations.

Uncertificated shares of a class are not regarded as forming a separate class from certificated shares of that class.

A Shareholder may, in accordance with the Regulations, change a share of a class which is a participating security from a certificated share to an uncertificated share and from an uncertificated share to a certificated share.

The Company may give notice to a Shareholder requiring that Shareholder to change uncertificated shares to certificated share by the time stated in the notice. The notice may also state that that Shareholder may not change certificated shares to uncertificated shares. If that Shareholder does not comply with the notice, the Directors may authorise a person to change the uncertificated shares in the name and on behalf of that Shareholder.

4.7 *Borrowing*

The Directors may borrow any sum or sums of money upon such terms as to interest or otherwise as they may deem fit, and for the purpose of securing the same and interest, or for securing the repayment or payment of any other debt, liability or obligation of the Company or of any subsidiary or subsidiaries of the Company for the time being, or for any other purpose, create, issue, make and give respectively bonds or any perpetual or redeemable debentures or debenture stock, or any bond, ex facie absolute disposition, mortgage or charge on the undertaking or the whole or any part of the property, present or future, or unissued or uncalled capital of the Company, and any bonds, debentures, debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

The aggregate principal amount borrowed (including any premium payable on the final repayment) and at any one time remaining outstanding by the Company and all its subsidiaries for the time being (excluding inter company loans) may not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to twice the aggregate of (i) the nominal amount of the consolidated share capital of the Company for the time being issued and paid up and (ii) the amounts standing to the credit of the capital and revenue reserves including profit and loss account, share premium account and capital redemption reserve (after deduction of any amount of property attributable to minority interests) but excluding any sums set aside for taxation all as shown in the latest published Consolidated Balance Sheet of the Company and its subsidiaries, if any, or if none, as shown in a pro-forma statement as certified by the Auditor for the time being of the Company, but adjusted as may be necessary in respect of any share capital of the Company issued or paid up since the date of that Balance Sheet or pro-forma statement (as the case may be).

4.8 *General Meetings*

The Directors will convene and the Company will hold general meetings as AGMs in accordance with the requirements of the Act (and other company legislation) at such times and places as the Directors will appoint. Any meeting of the Company other than an AGM will be called a general meeting.

The Director may, whenever it thinks fit, convene a general meeting and general meetings will be convened on such requisition or in default may be convened by such requisitions as is provided by the Act (and other company legislation).

Notice for AGMs and meetings at which it is proposed to pass a special resolution is 21 days' written notice. Notice for all other general meetings is 14 days' written notice. The notice will specify the place, day and time of the meeting and, in the case of special business, the general nature of that business.

The quorum for a general meeting is two Shareholders present in person or by proxy and entitled to vote. If within 30 minutes (or such longer time and exceeding one hour as the chairman of the meeting may decide to wait) after the time appointed for a meeting a quorum is not present, the meeting, if convened on the requisition of the Shareholder, will be dissolved. In any other case, it will be adjourned to such other day and at such other time (not being less than fourteen nor more than twenty eight days later) or place as the chairman of the meeting may determine. The Company must give at least seven days' notice in writing of any such adjourned meeting and must state in that notice that one Shareholder present in person or by proxy is a quorum.

The chairman of the Board or, in his absence, a deputy chairman (if any) will preside as chairman at every general meeting of the Company, unless the chairman or deputy chairman is not present within 15 minutes after the time appointed for holding the meeting, in which case the Directors present will choose one of their number to act, or if one Director only is present he will preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the persons present and entitled to vote on a poll will elect one of their number to be chairman.

The chairman of a general meeting may take any action he considers appropriate, for example, for the safety of people attending a general meeting, the proper and orderly conduct of a general meeting or in order to reflect the wishes of the majority. He may, for example, require any people to prove who they are, carry out security searches and stop certain things being taken into the meeting. The chairman may on reasonable grounds refuse to allow any person into a meeting, or may arrange for any person who refuses to comply with any reasonable requirements he may impose to be removed from a meeting. Additionally, the Directors may arrange for any people whom they consider cannot be seated in the main meeting room (where the chairman will be) to attend and take part in a general meeting in an overflow room or rooms which will have a live video link from the main room and a two-way sound link. The notice convening the meeting need not give details of any of these arrangements.

4.9 *Votes of Members*

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Shareholder who is present in person at a general meeting of the Company will have one vote and on a poll every Shareholder who is present in person or by proxy will have one vote for each share of which he is the holder or to which he is entitled pursuant to the Articles. At the date of this Prospectus no shares are in issue or held subject to any special terms as to voting.

A proxy need not be a Shareholder. An instrument appointing a proxy must be in writing and must, if not sent in electronic form, be left at the place specified not less than 48 hours before the time appointed for holding the meeting.

4.10 *Dividends*

Subject to the Act (and other company legislation) and the Articles, the Company in general meeting may from time to time declare dividends to be paid to the Shareholders according to their rights and interests in the profits available for distribution, but no dividend can be declared in excess of the amount recommended by the Directors.

The Directors may from time to time pay to the Shareholders such interim dividends as appear to the Directors to be justified by the position of the Company. The Directors may also pay any fixed dividend, which is payable on any shares of the Company, half-yearly or on any other dates, whenever such position in the opinion of the Directors justifies such payment.

Any dividend unclaimed after period of twelve years from the date of declaration of such dividend or from the date such dividend became due for payment will be forfeited and will revert to the Company.

4.11 *Untraced Shareholders*

The Company is entitled to sell at the best price reasonably obtainable any share of a Shareholder or any share to which a person is entitled by transmission if:

- (a) for a period of 12 years in the course of which at least three dividends have become payable in respect of the share in question, no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the Shareholder or to the person entitled by transmission to the share at his address on the Company's register of Shareholders or other last known address given by the Shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Shareholder or the person entitled by transmission;

- (b) the Company has at the expiration of that 12 year period by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in (a) above is located giving notice of its intention to sell such share;
- (c) the Company has not during a further period of three months after the date of advertisement and prior to the exercise of the power of sale received any communication from the Shareholder or person entitled by transmission; and
- (d) the Company has first given written notice to the FCA of its intention to sell such share.

The Company must account to the Shareholder or other person entitled to the share for the net proceeds of sale and will be deemed to be his debtor and not a trustee for him or her in respect of the same. Any money not accounted for to the Shareholder or other person entitled to such share will be carried to a separate account and will be a permanent debt of the Company. Money in that account may either be employed in the business of the Company or invested in such investments as the Directors may from time to time think fit.

4.12 *Suspension of share rights*

Where a registered holder or bearer of shares in the Company fails to comply, within the specified period, with a notice given by the Directors under the Act (and other company legislation) requiring him or her to give particulars of any interest in any such shares, the Company may give that person a notice stating or to the effect that such shares will from the service of such restriction notice confer on such person no right 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 until the statutory notice has been complied with and such shares will accordingly not confer any right to attend or vote in relation to any such meeting.

Where the shares in respect of which such a notice has been issued represent 0.25 per cent. or more of the class of share concerned, the notice may in addition direct that:

- (a) any dividend or other money which would otherwise be payable on such shares will be retained by the Company until the notice is cancelled or ceases to have effect without any liability to pay interest thereon when such money is finally paid to the person entitled to it; and/or
- (b) no transfer will be registered unless the registered holder or bearer of them is not himself or herself in default for the failure to supply information and that person satisfies the Directors that no person in default is interested in any of the shares in question.

The period specified in such a notice in respect of any particular Shareholder may not be less than 14 days from the date of service of the notice. The restrictions may be cancelled by the Directors at any time and will automatically cease to have effect where any share is sold:

- (a) to an offeror in acceptance of an offer made to the holders of all the shares in the Company or the holders of a particular class of those shares to acquire all of those shares or a specified proportion of them;
- (b) where the whole beneficial ownership of the shares is sold to a person unconnected with the vendor and any one else interested in those shares; or
- (c) when the sale is made through a Recognised Investment Exchange or any stock exchange outside the UK on which the Company's shares are normally traded.

4.13 *Directors*

Subject to an ordinary resolution of the Company, there must be at least three Directors of the Company and there is no maximum number. Directors are not subject to any shareholding qualification.

4.13.1 *Appointment and Removal of Directors*

A Director may be appointed by an ordinary resolution of the Company, either to fill a casual vacancy or in addition to the existing Directors. If a Director is appointed by the

other Directors, he only holds office until the next AGM at which he is eligible for re-election, and that Director is not taken into account when determining the Directors who are to retire by rotation.

Other than in the case of a Director retiring at a general meeting, no person can be appointed a Director unless the appropriate written notices are submitted by the Shareholder proposing that person for election and the candidate himself or herself not less than seven and not more than forty-two clear days prior to the meeting.

The Company can by special resolution or by ordinary resolution of which special notice has been given, remove any Director before the expiration of his or her period of office. Another Director may be appointed in his or her place by ordinary resolution and such Director is subject to retirement at the same time as if he had become a Director when the Director in whose stead he is appointed became a Director.

4.13.2 *Retirement of Directors by rotation*

At every general meeting any Director who was not elected or re-elected at either of the two preceding AGMs will retire from office and be eligible for re-election together with such additional Directors as to bring the number of Directors retiring by rotation to at least one third of the number of Directors in office. The additional Directors to retire on each occasion are those who have been longest in office since their last election. If there are Directors who were last elected on the same date, they can agree on who is to retire and, if they are unable to agree, they must draw lots to decide. In default of the Company electing a new person to the office of Director, the retiring Director will, if willing to continue to act, be deemed to have been re-elected, unless it is expressly resolved at the meeting not to fill such vacated office or a resolution for the re-election of that Director is lost at the meeting.

4.13.3 *Disqualification of Directors*

The office of Director must be vacated if all the other Directors request his or her resignation by written notice or the Director:

- (a) himself or herself delivers a written notice of resignation;
- (b) becomes of unsound mind or a mental health patient as defined in statute and the Directors resolve that he should vacate office;
- (c) is absent without leave from meetings of the Directors for six consecutive months and the Directors resolve that he should vacate office;
- (d) becomes bankrupt or compounds with his or her creditors;
- (e) is prohibited by law from being a Director; or
- (f) ceases to be a Director by virtue of the Act (and other company legislation) or is removed from office pursuant to the Articles.

No Director will be required to vacate office and no person will be disqualified from being appointed a Director by reason only of the fact that he has attained the age of 70 years. But where a meeting is convened at which a Director will be proposed for election or re-election who has, at the date of that meeting, attained the age of 70 years, notice of him or her having attained the age of 70 in the notice convening the meeting or any prospectus sent with it.

4.13.4 *Directors' Fees and Expenses*

Each of the Directors is paid a fee at a rate from time to time determined by the Directors, subject to a maximum aggregate amount of £200,000 per annum (exclusive of value added tax if applicable).

Each Director is also entitled to his or her reasonable travelling, hotel and incidental expenses of attending and returning from general meetings, meetings of the Directors and

committees of the Directors together with all expenses properly and reasonably incurred by him or her in the conduct of the Company's business or in the discharge of his or her duties as a Director.

A Director may hold any other office or place of profit with the Company, except that of auditor, in conjunction with his or her office of Director for such period, upon such terms and for such extra remuneration as the Directors may determine. Similarly a Director may act by himself or herself or his or her firm in a professional capacity for the Company (otherwise than as auditor) and will be entitled to remuneration for those professional services.

4.13.5 *Permitted interests of Directors*

A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested and is not liable to account to the Company for any remuneration, profit or other benefit received by him or her from such position or interest.

No Director or proposed or intending Director is disqualified by his or her office from contracting with the Company, either with regard to his or her tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever (and no such contract is liable to be avoided and the Director is not liable to account to the Company in respect of such contracts).

4.13.6 *Restrictions on voting*

Directors cannot vote or be counted in the quorum on any Directors' resolution concerning his or her own appointment as the holder of any office or place of appointment with the Company or any other company in which the Company is interested. Where proposals are under consideration concerning the appointment of 2 or more Directors to offices or employment with the Company or any company in which the Company is interested, such proposals will be divided and considered in relation to each Director separately and in such cases each of the Directors concerned will be entitled to vote (and to be counted in the quorum) in respect of each resolution except that concerning his own appointment.

A Director who, to his or her knowledge, is interested, in any way, whether directly or indirectly, and whether for himself or herself or through a person connected with him or her, in a contract, transaction, arrangement or proposed contract with the Company must declare the nature of that interest in accordance with the Act (and other company legislation).

A Director may not vote on any Directors' resolution in respect of any contract or other proposal in which he is to his or her knowledge materially interested and if he does so his or her vote will not be counted. However this is subject to the following exceptions:

- (a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or her or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- (b) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself or herself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) the granting of any indemnity or provision of funding unless the terms of such arrangement confer upon such Director a benefit not generally available to any other Director;
- (d) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;

- (e) any matters involving or relating to any other company in which he or any person connected with him or her has a direct or indirect interest (whether as an officer or shareholder or otherwise), provided that he and any persons connected with him or her are not to his or her knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his or her interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);
- (f) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him or her any privilege or benefit not generally awarded to the employees to whom the arrangement relates;
- (g) the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

4.14 *Winding up*

If the Company is wound up, the liquidator may, with the relevant sanctions, divide amongst the Shareholders *in specie* or in kind the whole or any part of the assets of the Company and may determine how such division will be carried out as between the Shareholders or difference classes of them, vesting them in trust where the liquidator thinks fit, but so that no Shareholder will be compelled to accept any shares or other assets upon which there is any liability.

5. **Squeeze-out and Sell-out Rules relating to the Ordinary Shares**

The Takeover Code applies to the Company. Under the Takeover Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties) would be required, except with the consent of the Panel, to make a cash offer for the outstanding Ordinary Shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of Ordinary Shares by a person holding (together with its concert parties) Ordinary Shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

6. **Valuation Policy**

Frostrow is responsible for determining and calculating the NAV per Ordinary Share of the Company. The unaudited NAV per Ordinary Share is calculated on each Dealing Day and is announced to a Regulatory Information Service. The NAV is calculated in accordance with UK GAAP, the SORP and guidelines published by the Association of Investment Companies and from the AIFMD Implementation Date, will be calculated in accordance with the AIFM Rules.

The Company's portfolio of assets will be valued on each Dealing Day. All instructions to issue or cancel Ordinary Shares given for a prior Dealing Day shall be assumed to have been carried out (and any cash paid or received).

The valuation will be based on the following:

- (a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.
- (b) All transferable securities will be valued at fair value:
 - (i) fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted; and
 - (ii) unquoted investments are valued by the Directors using primary valuation techniques such as discounted multiple of revenue.

- (c) All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the Directors, represents a fair and reasonable price.
- (d) If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.
- (e) Added to the valuation will be:
 - (i) any accrued and anticipated tax repayments of the Company;
 - (ii) any money due to the Company because of Ordinary Shares issued prior to the relevant Dealing Day;
 - (iii) income due and attributed to the Company but not received; and
 - (iv) any other credit of the Company due to be received by the Company.

Amounts which are *de minimis* may be omitted from the valuation.

- (f) Deducted from the valuation will be:
 - (i) any anticipated tax liabilities of the Company;
 - (ii) any money due to be paid out by the Company because of Ordinary Shares bought back by the Company prior to the valuation;
 - (iii) the principal amount and any accrued but unpaid interest on any borrowings; and
 - (iv) any other liabilities of the Company, with periodic items accruing on a daily basis.

Amounts which are *de minimis* may be omitted from the valuation.

The calculation of the NAV on each Dealing Day accrues fully for any performance fee potentially payable in accordance with paragraph 13.3 below. All of the Company's investments, save for Frostrow Capital LLP, are listed and are valued at the closing prices. Valuations of NAV per Ordinary Share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to a Regulatory Information Service.

7. Net Asset Value and Ordinary Share price

As at the close of business on 12 December 2013 (being the latest practicable date prior to the publication of this Prospectus), the unaudited cum income Net Asset Value per Ordinary Share was 489.12 pence and the share price was 490.50 pence, representing a 0.28 per cent. premium to the cum income Net Asset Value per Ordinary Share. The unaudited ex income Net Asset Value per Ordinary Share was 486.31 pence and the share price was 490.50 pence, representing a 0.86 per cent. premium to the ex income Net Asset Value per Ordinary Share.

8. Conflicts of Interest

The Manager, the Investment Manager, any of their respective directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. Interested Parties may provide services similar to those provided to the Company to other entities and will not be liable to account for any profit from any such services.

9. Investment Portfolio

As at the date of this Prospectus, the Company's investments comprised:

| <i>Investment</i> | <i>Book Cost (£'000)</i> | <i>Market Value (£'000)</i> | <i>% of issued Ordinary Shares held</i> | <i>Earnings per share (p)</i> | <i>Dividend per share (p)</i> | <i>Dividend cover (times)</i> |
|---|------------------------------|---------------------------------|---|---------------------------------------|---------------------------------------|---------------------------------------|
| A. G. Barr | 3,279 | 24,571 | 3.72 | 22.06 | 10.02 | 2.2 |
| Burberry Group | 5,581 | 12,258 | 0.19 | 58.3 | 29.0 | 2.0 |
| Celtic | 1,230 | 1,791 | 2.51 | 10.73 | – | – |
| Daily Mail & General Trust | 15,832 | 26,865 | 0.81 | 50.00 | 19.20 | 2.6 |
| Diageo | 19,298 | 37,544 | 0.08 | 99.30 | 47.40 | 2.1 |
| Dr. Pepper Snapple | 5,502 | 9,068 | 0.15 | 187.42 | 83.30 | 2.3 |
| Euromoney Institutional Investor | 4,279 | 11,890 | 0.75 | 56.74 | 21.75 | 2.6 |
| Fidessa | 11,784 | 24,202 | 2.91 | 82.50 | 37.00 | 2.2 |
| Frostrow Capital LLP | 75 | 650 | NA | NA | NA | NA |
| Fuller Smith & Turner | 1,192 | 6,521 | 2.17 | 57.85 | 13.7 | 4.2 |
| Greene King | 9,467 | 15,353 | 0.85 | 45.50 | 26.60 | 1.7 |
| Hargreaves Lansdown | 7,190 | 21,657 | 0.36 | 32.00 | 20.68 | 1.5 |
| Heineken | 22,186 | 29,279 | 0.27 | 432.15 | 74.97 | 5.8 |
| Kraft Foods Group | 4,523 | 6,678 | 0.03 | 218.66 | 30.62 | 7.1 |
| Lindsell Train Investment Trust | 1,000 | 3,430 | 5.00 | 741 | 563 | 1.3 |
| London Stock Exchange | 13,263 | 23,196 | 0.54 | 80.40 | 29.50 | 2.7 |
| Mondelez Int. | 6,339 | 11,051 | 0.03 | 93.10 | 61.25 | 1.5 |
| Pearson | 27,567 | 34,281 | 0.33 | 40.50 | 45.00 | 0.9 |
| Rathbone Brothers | 12,157 | 18,149 | 2.72 | 67.00 | 47.00 | 1.4 |
| Reed Elsevier | 18,002 | 24,608 | 0.24 | 46.00 | 23.00 | 2.0 |
| Sage Group | 15,345 | 20,666 | 0.43 | 3.97 | 10.36 | 0.4 |
| Schroders | 13,776 | 24,324 | 0.44 | 104.70 | 43.00 | 2.4 |
| Thomson Reuters | 3,830 | 9,095 | 0.05 | 153.12 | 78.40 | 2.0 |
| Unilever | 29,285 | 37,710 | 0.12 | 133.10 | 80.36 | 1.7 |
| Young & Co's Brewery | 1,991 | 7,520 | 3.5 | 35.23 | 14.63 | 2.4 |
| Preference shares | | | | | | |
| Celtic 6% (cumulative convertible preference) | 88 | 71 | – | – | – | – |
| | <u>254,061</u> | <u>442,428</u> | | | | |

The above information is sourced from the Company's management accounts and Bloomberg and is unaudited. Any valuations set out in this table are only accurate as at 12 December 2013, the latest practicable date prior to the publication of this Prospectus.

10. Investment Restrictions

In order to comply with the Listing Rules, the Company will not invest more than 10 per cent. in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in other investment companies or investment trusts which are listed on the Official List (save to the extent that these investment companies or investment trusts have stated investment policies to invest no more than 15 per cent. of their gross assets in other investment companies (including investment trusts) which are listed on the Official List).

In order for the Company to be approved as an investment trust under Chapter 4 of Part 24 of the Corporation Tax Act 2010, its business must consist of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving members of the Company the benefit of the results of the management of its funds.

In the event of any material breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Manager through a Regulatory Information Service.

11. Interests of Directors, major shareholders and related party transactions

11.1 Directors' interests

As at 12 December 2013, (being the latest practicable date prior to the publication of this Prospectus the Directors had beneficial interests in the following number of Ordinary Shares:

| | <i>Ordinary Shares</i> | <i>per cent. of issued Share Capital</i> |
|------------------|----------------------------|--|
| Anthony Townsend | 179,468 | 0.21 |
| John Allard | 26,896 | 0.03 |
| Neil Collins | 23,786 | 0.03 |
| David Hunt | 27,500 | 0.03 |
| Vanessa Renwick | 29,080 | 0.03 |

11.2 Directors' contracts with the Company

All the Directors of the Company are non-executive. It is the Board's policy that none of the Directors has a service contract. The terms of their appointment provide that a director may be removed without notice and that no compensation will be due on leaving office.

Neil Collins was appointed to the Board on 30 January 2008, David Hunt was appointed to the Board on 6 July 2006, John Allard and Vanessa Renwick were both appointed on 11 October 2000 and Anthony Townsend was appointed on 1 February 2005. The appointment of each Director has continued through re-election. Giles Warman who had served on the Board since 1988 passed away on 24 May 2013.

All Directors retired at the last AGM (held on 30 January 2013) and, offering themselves for re-election, were duly re-elected. All Directors will be standing for re-election at the next AGM.

For the year ended 30 September 2013, Mr Townsend was paid fees of £30,000 per annum, Mr Hunt was paid fees of £23,000 per annum and the other Directors were paid fees of £20,000 per annum quarterly in arrears. In respect of the financial year ended 30 September 2013, the aggregate remuneration paid to the Directors was £126,000. Giles Warman was paid fees of £13,000 for services provided to the Company up to the date of his death.

11.3 Directors' other interests

Over the five years preceding the date hereof, the Directors have held the following directorships' (apart from their directorships' of the Company) and/or partnerships:

Anthony Townsend

| <i>Company</i> | <i>Position</i> | <i>Appointed</i> | <i>Resigned</i> |
|---|-----------------|-------------------|-----------------|
| Baronsmead VCT 3 PLC | Director | 4 August 2009 | Ongoing |
| British & American Investment Trust PLC | Director | 6 October 1999 | Ongoing |
| Cranleigh School | Director | 21 November 1998 | Ongoing |
| Cranleigh Enterprises Limited | Director | 4 November 1999 | Ongoing |
| Cranleigh Foundation | Director | 13 December 2007 | Ongoing |
| F&C Global Smaller Companies PLC | Director | 24 September 2004 | Ongoing |
| Hansa Capital Limited | Director | 20 October 1998 | Ongoing |
| Miton Worldwide Growth Investment Trust PLC | Director | 23 February 2004 | Ongoing |
| Worldwide Healthcare Trust PLC | Director | 14 February 1995 | 17 July 2013 |

Neil Collins

| <i>Company</i> | <i>Position</i> | <i>Appointed</i> | <i>Resigned</i> |
|---|-----------------|-------------------|-----------------|
| Templeton Emerging Markets Investment PLC | Director | 29 September 2006 | Ongoing |

David Hunt

| <i>Company</i> | <i>Position</i> | <i>Appointed</i> | <i>Resigned</i> |
|--|-----------------|------------------|-----------------|
| Astra House (IOW) Limited | Director | 14 January 2009 | Ongoing |
| Nexia Smith & Williamson Audit Limited | Director | 17 October 2002 | 30 April 2011 |

11.4 The Directors in the five years before the date of this Prospectus:

- do not have any convictions in relation to fraudulent offences;
- have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

11.5 *Major shareholders*

As at 12 December 2013 (being the latest practicable date before publication of this Prospectus), the following parties were known to be interested in 3 per cent. or more of the Company's share capital (being the threshold for notification under the Act):

| <i>Investment Manager</i> | <i>Registered Holder(s)</i> | <i>Number of shares</i> | <i>% of issued share capital</i> |
|---|-----------------------------|-------------------------|----------------------------------|
| Brewin Dolphin, Stockbrokers | Various Nominee Accounts | 10,467,696 | 12.11 |
| Alliance Trust Savings | Various Nominee Accounts | 9,198,106 | 10.64 |
| Rathbone | Various Nominee Accounts | 5,288,275 | 6.12 |
| Hargreaves Landsdown, Stockbrokers | Various Nominee Accounts | 5,285,082 | 6.11 |
| Investec Wealth & Investment | Various Nominee Accounts | 4,862,209 | 5.62 |
| Charles Stanley, Stockbrokers | Various Nominee Accounts | 3,545,740 | 4.10 |
| Brewin Dolphin, Stockbrokers (non-discretionary) | Various Nominee Accounts | 3,451,978 | 3.99 |
| Scottish Widows | Various Nominee Accounts | 2,840,681 | 3.29 |

The Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The Company is not aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company. The Company's major Shareholders do not have any different voting rights from other Shareholders.

11.6 *Related party transactions*

The Company was 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) at any time during the three financial years to 30 September 2013 or during the period 1 October 2013 to 12 December 2013 (being the latest practicable date before publication of this Prospectus).

12. Share options

At the date of this Prospectus no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

13. Material Contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company is a party, for the two years immediately preceding publication of this Prospectus or which contains any provision under which the Company or its subsidiary has any obligation or entitlement which is material to them at the date of this Prospectus.

13.1 *Management, Administrative and Secretarial Services Agreement*

Frostrow is the Manager under the Management, Administrative and Secretarial Services Agreement dated 4 April 2007, amended by way of a letter agreement dated 23 January 2009, on the terms of which it is appointed to, subject to the policies and restrictions of the Directors of the Company and among other things, provide specialist management, administrative, marketing and company secretarial services.

Frostrow is entitled to be reimbursed, on invoice, in respect of all commissions, transfer and registration fees, stamp duty and similar liabilities, the fees of any of its duly appointed advisers and any other costs properly in the performance of its duties as an investment manager under the Management, Administrative and Secretarial Services Agreement.

The Management, Administrative and Secretarial Services Agreement may be terminated by either party giving not less than 12 months' notice.

A periodic fee is payable by the Company to Frostrow of 0.15 per cent. of the adjusted market capitalisation of the Company (calculated in accordance with the Management, Administrative and Secretarial Services Agreement) (the "**Periodic Fee**"). The Manager is also entitled to an annual fixed fee (the "**Fixed Fee**") of £70,000 calculated monthly and payable monthly in arrears.

Frostrow, under the terms of the Management, Administrative & Secretarial Services Agreement provides *inter alia* the following services:

- (a) marketing and shareholder services;
- (b) company secretarial and administrative services;
- (c) advice and guidance in respect of corporate governance requirements;
- (d) performance measurement reports;
- (e) maintenance of adequate accounting records and management information;
- (f) preparation and despatch of the audited annual financial statements, the unaudited interim report and the interim management statements; and
- (g) attending to general tax affairs where necessary.

The Management, Administrative and Secretarial Services Agreement may be terminated by either party giving to the other not less than 12 months' written notice, except in any of the following circumstances, in which the Company is entitled summarily to terminate the Management, Administrative and Secretarial Services Agreement by notice in writing:

- (a) if the Manager has a receiver appointed of the whole or any part of its undertaking or if an order is made or an effective resolution passed for the winding up of the Manager (save for the purpose of and followed by an amalgamation or reconstruction) or if an Administration Order is made or a voluntary arrangement comes into effect under the Insolvency Act 1986 in relation to the Manager or if a distress or execution is levied or enforced upon or against any of the property or assets of the Manager is not discharged or paid out within 14 days;
- (b) of a person or a group of persons acting in concert (as defined in the City Code on Takeovers and Mergers) acquires more than 50 per cent. of the votes normally exercisable at general meetings of the Manager; or
- (c) if Alastair Smith (or any approved replacement) ceases for any reason to co-ordinate the provision of the Manager's Services under the Management, Administrative and Secretarial Services Agreement and is not within 120 days of such cessation replaced by an individual approved by the Board.

The Management, Administrative and Secretarial Services Agreement contains an indemnity in favour of Frostrow against all claims by third parties which may be made against Frostrow in connection with any action properly taken in accordance with the Management, Administrative and Secretarial Services Agreement, except to the extent that the claim is due to the negligence, wilful default or fraud of Frostrow or its employees or delegates or any material breach of the Management, Administrative and Secretarial Services Agreement by Frostrow.

Provided its ability to perform its obligations under the Management, Administrative and Secretarial Services Agreement is not impaired, Frostrow is entitled to carry on any business similar to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without accounting to the Company for its profits.

In the year ended 30 September 2013 the fees payable under the Management, Administrative, and Secretarial Services Agreement amounted to £581,000 (excluding VAT).

The Board has approved in principle the appointment of the Manager as the Company's AIFM and the parties intend to amend the terms of the Management, Administrative and Secretarial Services Agreement, so that it will record the terms of the appointment of the Manager as the Company's AIFM, and, more generally, so that it will be AIFM Directive compliant.

The Manager intends to delegate portfolio management to the Investment Manager in accordance with the AIFM Rules. It does not consider that any conflicts of interest arise from such delegation.

13.2 *Investment Management Agreement*

Lindsell Train acts as the Investment Manager under the Investment Management Agreement dated 4 April 2007, amended by way of a letter agreement dated 23 September 2010. Under the terms of the Investment Management Agreement, Lindsell Train provides discretionary investment management services to the Company for a periodic fee equal to 0.45 per cent. per annum of the Company's market capitalisation. The Investment Manager under the terms of the Agreement provides *inter alia* the following services:

- (a) seeking out and evaluating investment opportunities;
- (b) recommending the manner by which monies should be invested, disinvested, retained or realised;
- (c) advising on how rights conferred by the investments should be exercised;
- (d) analysing the performance of investments made;
- (e) advising the Company in relation to trends, market movements and other matters which may affect the investment policy of the Company; and
- (f) marketing the shares in the Company as may be required from time to time, subject to the FSMA and the FCA rules.

The Investment Management Agreement may be terminated by either party giving to the other not less than 12 months' written notice.

In any of the following circumstances the Company is entitled summarily to terminate the Investment Management Agreement by notice in writing:

- (a) if Lindsell Train commits any material or persistent breach of or omits to observe any of the material obligations on its part contained in this Agreement and (if such breach is capable of remedy) fails (within 30 days after having been required by the Company so to do) to remedy such breach to the satisfaction of the Company;
- (b) if Lindsell Train ceases to carry on business or is or comes to be prohibited by law or under any rules, regulations, order or decree of the FCA or any other governmental agency, administrative agency, court, stock exchange, self-regulatory organisation or other regulatory organisation from providing its services or complying with its obligations under the Investment Management Agreement;
- (c) if Lindsell Train has a receiver appointed of the whole or any part of its undertaking or if any order is made or an effective resolution passed for the winding up of Lindsell Train or if an Administration Order is made or a voluntary arrangement comes into effect under the Insolvency Act 1986 in relation to Lindsell Train or if a distress or execution shall be levied or enforced upon or against any of the property or assets of Lindsell Train and is not discharged or paid out within 14 days;

- (d) if Nick Train or any replacement approved under the Investment Management Agreement by the Company to perform the services set out in the Investment Management Agreement ceases to be available to perform those services and Lindsell Train failed within 120 days after the happening of that event to provide a replacement approved by the Company; or
- (e) if a Non-Permitted Controller or Non-Permitted Controllers (as defined in the Investment Management Agreement) shall acquire at least 50 per cent. of the votes normally exercisable at general meetings of Lindsell Train in which event the right of the Company to terminate the Investment Management Agreement summarily must be exercised by giving notice to Lindsell Train not later than 90 days after the Board is made aware that a Non-Permitted Controller or Non-Permitted Controllers (as defined in the Investment Management Agreement) has or have acquired at least 50 per cent. of the votes normally exercisable at general meetings of Lindsell Train.

In the following circumstances Lindsell Train is entitled to terminate the Investment Management Agreement summarily by notice:

- (a) the Company has a receiver appointed of the whole or any part of its undertaking;
- (b) any order is made or an effective resolution passed for the winding up of the Company (save for the purpose of and followed by an amalgamation or reconstruction (provided that the Company is solvent);
- (c) an Administration Order is made or a voluntary arrangement comes into effect under the Insolvency Act 1986 in relation to the Company; or
- (d) a distress or execution is levied or enforced upon or against any of the property or assets of the Company and not discharged or paid out within 14 days.

The Investment Management Agreement contains an indemnity in favour of Lindsell Train against all claims by third parties which may be made against Lindsell Train in connection with any action properly taken in accordance with the Investment Management Agreement, except to the extent that the claim is due to the negligence, wilful default or fraud of Lindsell Train or its employees or any material breach of the Investment Management Agreement by Lindsell Train.

Provided its ability to perform its obligations under the Investment Management Agreement is not impaired, Lindsell Train is entitled to carry on any business similar to, or in competition with, the Company or to provide similar services or any other services whatsoever to any other customer without accounting to the Company for its profits. The Investment Advisory Agreement makes it clear that Lindsell Train is permitted to effect transactions in which Lindsell Train or any of its associates has, directly or indirectly, a material interest or a relationship of any description with another party which may involve a potential conflict of interest with Lindsell Train's duty to the Company, again without being liable to account to the Company for its profits, provided, *inter alia*, that where there is such a conflict it uses its best endeavours to ensure that the terms of the relevant transaction are no less favourable to the Company than if the conflict had not existed and that it discloses all such transactions to the Company.

In the year ended 30 September 2013 the fees payable under the Investment Management Agreement amounted to £1,531,000 (excluding VAT).

13.3 *Performance Fee*

Dependent on the level of performance achieved, Lindsell Train and Frostrow are also entitled to the payment of the Performance Fee. The calculation basis of the Performance Fee is by reference to the annual increase in the Company's adjusted market capitalisation per share, but only after attainment of an absolute return hurdle, which is the sum of the increase in the RPI in the year, plus a fixed return of 6 per cent. The performance fee is calculated annually and is based on 15 per cent. of the outperformance per share over the absolute return hurdle.

During the year to 30 September 2013 the RPI rose by 3.15 per cent., therefore the performance fee hurdle, as at 30 September 2013, was 602.18p per share. The Company's adjusted market capitalisation per share as at 30 September 2013 was 488.81p. Lindsell Train receives 85 per cent. and Frostrow receives 15 per cent. of the Performance Fee. The total Fixed, Periodic and

Performance Fees payable in any one year to Lindsell Train and Frostrow are capped at 1.25 per cent. of the Company's market capitalisation. Any outperformance, that would have resulted in a higher fee being paid had there been no cap, is carried forward into the calculation of future years' fees. Similarly, in the case of underperformance, any underperformance has to be made up in future years before a Performance Fee becomes payable in those years.

In the year to 30 September 2013 no Performance Fee was accrued or paid. Since that date end no Performance Fee has been accrued.

13.4 *Custody Agreement*

The Bank of New York Mellon's London and Brussels branches (together "**the Bank of New York**") act as custodian for the Company under the Custody Agreement. The Bank of New York is a company incorporated under the laws of the United States. Its headquarters are in New York, USA, and it was registered as a branch in England and Wales with registration number: BR000818 on 1 June 1965 and as a company in England and Wales with registered number: FC005522 on 11 September 1964. The Custodian is authorised and regulated by the FCA under FSMA with firm reference number: 122467.

The fees of the Bank of New York are paid by the Company. In the year ended 30 September 2013 these fees amounted to £47,000. The Custody Agreement contains an indemnity in favour of the Bank of New York against certain losses incurred in claims against it by third parties except to the extent that such losses are not caused as a direct result of the negligence, fraud or wilful default of the Bank of New York and the Bank of New York's losses extend to taxes on or attributable to its fee income.

The Custody Agreement may be terminated by either party giving to the other not less than 90 days' notice in writing or, where the Company is dissolved, automatically upon its dissolution.

The Bank of New York is authorised to hold the securities and other investments of the Company at any of its branches and, subject to its duty to exercise reasonable care in their selection and continued appointment, to cause those investments to be held by any other institution acting as securities depository, clearing house or system or custodian on such terms as the Bank of New York may require.

The Bank of New York is the sole custodian. Subject to exercising its duties of supervision and control as prescribed by the rules of the FCA, the Bank of New York is authorised to act through and hold the Company's investments with sub-custodians. The Bank of New York will use reasonable care in the selection and appointment of sub-custodians. The applicable sub-custodian who is appointed by the Bank of New York as at the date of this document and who might be relevant for the purposes of holding the Company's investments is:

| <i>Country</i> | <i>Name of sub-custodian</i> | <i>Regulator</i> |
|--------------------------|-----------------------------------|--|
| The Netherlands | The Bank of New York Mellon SA/NV | Financial Services and Markets Authority (FSMA), Belgium |
| Canada | CIBC Mellon Trust Company | Canadian Securities Administrators (CSA) |
| United States of America | The Bank of New York, New York | US Securities and Exchange Commission (SEC) |

The Bank of New York Mellon's London and Brussels branches act as custodian for the Company and the Bank of New York Mellon is authorised and regulated by the FCA under FSMA with firm reference number: 122467.

13.5 *Limited Liability Partnership Deed*

The Limited Liability Partnership Deed governs Frostrow Capital LLP (in this section only the "**LLP**"). In accordance with the Limited Liability Partnership Deed, the Company acquired a 10

per cent. interest in the LLP at a cost of £150,000 in 2007, of which £75,000 was repaid to the Company by the LLP in 2008.

The LLP will terminate and dissolve upon the occurrence of any of the following events, but the Limited Liability Partnership Agreement will not terminate until the affairs of the LLP have been wound up:

- (a) a determination by three quarters in number of the members of the LLP to dissolve the LLP;
- (b) the LLP ceasing to be authorised by the FCA or any other regulatory body in the United Kingdom having principal responsibility for the supervision of its affairs if the LLP is at the relevant time required to have any such authorisation in order to carry on the LLP's business; or
- (c) the occurrence of any event which shall make it unlawful for the LLP to be continued.

If the LLP is dissolved, no member or former member of the LLP will be liable to contribute further to the assets of the LLP other than as required by law.

The Limited Liability Partnership Deed sets out that the members to the LLP will not receive interest on their capital contributions and may be required to make further contributions.

The members of the LLP do not have the right directly or indirectly to withdraw or receive back any part of the amount standing to the credit of their capital contribution account except in the following circumstances:

- (a) where a member ceases to be a member and an equal amount is contributed to the capital contribution accounts of the remaining members;
- (b) upon termination and dissolution of the LLP and the LLP having ceased to be authorised to carry on regulated activities; or
- (c) where a member ceases to be a member where the LLP will, notwithstanding such payment, remain in compliance with applicable prudential requirements relating to partnership capital.

The Limited Liability Partnership Deed contains an indemnity that each member of the LLP and its officers, directors, and employees and each person, if any, who controls a member is entitled to be indemnified from and out of the assets of the LLP from and against any loss, liability, damage, cost, or expense actually and reasonably incurred arising from actions or omissions concerning the business of the LLP or activities undertaken by or on behalf of the LLP (otherwise than when due to the bad faith, recklessness, gross negligence or wilful default of the indemnified party, or due to breaches of any of the provisions of the Limited Liability Partnership Deed by the indemnified party, or due to the indemnified party not having acted in good faith in the reasonable belief that its actions were in, or not opposed to, the best interests of the LLP).

The Board has approved in principle the appointment of the Manager as the Company's AIFM. In order to obtain authorisation to act as AIFM from the FCA, the Manager must, among other things, comply with the AIFMD Capital Requirement. The Company has agreed to provide capital to the Manager to enable it to satisfy the AIFMD Capital Requirement, subject to a maximum of £500,000 in aggregate, which may be amended by agreement in writing of the Manager and the Company. The Company will be designated an "AIFMD Member" in respect of the capital that it contributes to the Manager in order for the Manager to satisfy the AIFMD Requirement and in return, the Company will receive the AIFMD Priority Return, as a first charge on the Manager's profits. The AIFMD Priority Return shall be reviewed annually, but may not be amended without the prior written consent of the Company, for so long as it provides capital to enable the Manager to meet the AIFMD Capital Requirement. The Members of the Manager intend to amend the Limited Liability Partnership Deed in order to record the terms set out above, and to make other non-material amendments. The Company may cease to be an AIFMD Member by giving written notice to the Manager of not less than 9 calendar months following the second anniversary of the execution of the revised Limited Liability Partnership Deed. The Manager may remove the Company as an AIFMD Member by giving one month's written notice, or in certain circumstances to be specified in the Limited Liability Partnership Deed, with immediate effect. The Limited

Liability Partnership Deed, together with a marked up copy showing the proposed amendments to it, will be available for inspection at the address specified in paragraph 24 of this Part 8.

14. Taxation

14.1 Introduction

The following statements are intended only as a general guide to current UK tax legislation and to what is understood to be the current practice of HMRC, both of which are subject to change with retrospective effect. They may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders of the Company resident (and, in the case of individuals domiciled) for UK tax purposes in the United Kingdom (except in so far as express reference is made to the treatment of non-United Kingdom residents), who hold Ordinary Shares in the Company as an investment (rather than as securities to be realised in the course of a trade) and who are the absolute beneficial owners of those Ordinary Shares.

Shareholders or potential investors who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

14.2 The Company

It is the intention of the Directors to conduct the affairs of the Company so as to continue to satisfy the conditions for it to qualify as an investment trust under Chapter 4 of Part 24 Corporation Tax Act 2010. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust, the Company will be exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way.

From 1 July 2009 the rules relating to the taxation of foreign profits were revised such that overseas dividend income received after that date will in most cases be exempt from UK corporation tax. Income arising from any overseas investments may be subject to foreign withholding tax at the relevant jurisdiction's applicable rate, but relief may be available under the terms of an applicable double tax treaty.

14.3 Shareholders

14.3.1 Taxation of capital gains

Depending on their personal circumstances, individual Shareholders, or Shareholders who are not within the charge to United Kingdom corporation tax, who are resident in the United Kingdom for taxation purposes may be subject to capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares. The current rate of capital gains tax is 18 per cent. for basic rate taxpayers and 28 per cent. for higher or additional rate taxpayers. No indexation allowance is available to such holders, but Shareholders may be entitled to an annual exemption from capital gains (for the tax year 2013/14, this is £10,900).

Shareholders who are individuals and who are temporarily non-resident in the UK, may under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Shareholders within the charge to United Kingdom corporation tax may be liable to United Kingdom corporation tax on chargeable gains on a disposal of the Ordinary Shares. Indexation allowance may be available to reduce the amount of any chargeable gain (but cannot be used to create or increase an allowable loss).

14.3.2 Taxation of dividends

The Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the United Kingdom (for tax purposes) and who receives a dividend from the Company should be entitled to a tax credit which may be set off against the Shareholder's total income tax liability on the dividend. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross dividend"), which is also equal to one-ninth of the cash dividend received.

A United Kingdom resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholder's liability to income tax on the dividend.

A higher rate of income tax of 40 per cent. applies to United Kingdom resident individuals with taxable non-savings and savings income above £32,010 (for the tax year 2013/2014). The rate of income tax that applies to dividends received by a United Kingdom resident individual Shareholder who is liable to income tax at the higher rate will be 32.5 per cent. In such circumstances, the tax credit will be set against but not fully match the Shareholder's tax liability on the gross dividend and such Shareholder will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the Shareholder's income falls above the threshold for higher rate income tax.

An additional rate of income tax of 45 per cent. applies to United Kingdom resident individuals with taxable non-savings and savings income above £150,000 (for the tax year 2013/2014). The rate of income tax that applies to dividends received by a United Kingdom resident individual Shareholder who is liable to income tax at the additional rate will be 37.5 per cent.) In such circumstances, the tax credit will be set against but not fully match the Shareholder's tax liability on the gross dividend and such Shareholder will have to account for additional tax equal to 27.5 per cent of the gross dividend (which is also equal to approximately 30.6 per cent. of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the Shareholder's income falls above the threshold for additional rate income tax.

There will be no repayment of the tax credit (or any part of it) to an individual Shareholder whose liability to income tax on the dividend and the related tax credit (or any part of it) is less than the amount of the tax credit, including a Shareholder who holds the Ordinary Shares on which the dividend is paid through an ISA.

United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to claim repayment of the tax credit attaching to dividends paid by the Company.

Most United Kingdom and overseas dividends received by UK corporate shareholders (subject to specific anti-avoidance rules) will be exempt from United Kingdom corporation tax. Shareholders within the charge to United Kingdom corporation tax are however advised to consult their professional advisers in relation to the tax implications of dividends received. Such Shareholders will not be able to claim repayment of tax credits attaching to dividends.

Non-United Kingdom resident Shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A Shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident in the United Kingdom (for tax purposes) should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

14.3.3 *Stamp duty and stamp duty reserve tax*

Transfers on sale of Ordinary Shares in the Company will generally be subject to United Kingdom stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration

given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares in the Company will normally give rise to a charge to stamp duty reserve tax (“SDRT”) at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Paperless transfers of Ordinary Shares in the Company within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

14.4 *ISAs*

The Ordinary Shares should be eligible to be held in the stocks and shares component of an ISA or Junior ISA, subject to applicable annual subscription limits (£11,520 for an ISA and £3,720 for a Junior ISA for the 2013/2014 tax year). Investments held in ISAs or Junior ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Ordinary Shares through an ISA is generally restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available for UK resident children aged under 18 and born before 1 September 2002 or after 2 January 2011. Sums received by a Shareholder on a disposal of Ordinary Shares held within an ISA or Junior ISA will not count towards the Shareholder’s annual limit. Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility as should individuals wishing to invest through a Junior ISA for children under 18 years old.

14.5 *Self-Invested Personal Pensions (SIPPs)*

The Ordinary Shares in the Company should constitute permitted investments for SIPPs.

14.6 *FATCA*

The UK FATCA Regulations came into force on 1 September 2013. The UK FATCA Regulations implement the intergovernmental agreement made between the governments of the United Kingdom and United States of America in respect of the scope and application of FATCA with respect to UK financial institutions.

It is expected that the Company will be a reporting financial institution for the purposes of the UK FATCA Regulations and therefore will be required to comply with certain identification, due diligence, reporting and other compliance obligations. However under current HMRC guidance, the Company does not generally expect to have to report to HMRC under the UK FATCA Regulations in respect of the Ordinary Shares but it may have to report to HMRC any payments (including dividends) made to Shareholders who are identified as being non-participating financial institutions for the purposes of these regulations. In order to comply with its obligations in respect of FATCA the Company may, if necessary, request that certain Shareholders provide it with relevant information to facilitate such compliance.

15. **Litigation**

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issue is aware) during the 12 months immediately preceding the date of this document which may have, or have had, in the recent past significant effects on the Company or the Company’s financial position or profitability.

16. No significant change

There has been no significant change in the financial or trading position of the Company since 30 September 2013, being the date to which the latest audited financial information of the Company was published.

There has been no significant change in the financial condition and operating results of the Company during or subsequent to the three years ended 30 September 2013.

17. Third party information and consents

Winterflood Investment Trusts, as sponsor and stockbroker broker, has given and not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which it appears.

In relation to information provided by Morningstar UK, the Company confirms that the information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

18. General

Where new Ordinary Shares are issued in the Placing Programme, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Placing Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per Ordinary Share, as the net proceeds resulting from any issue are expected to be invested in investments consistent with the investment objective and policy of the Company and the Placing Price will always represent a modest premium to the then prevailing Net Asset Value.

The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company's business or profitability.

The Company has no subsidiaries.

19. Auditor

The auditor of the Company for the three financial years ended 30 September 2013 was Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU.

20. Working Capital

In the Company's opinion, the Company has sufficient working capital for its present requirements, that is for at least 12 months following the date of this Prospectus.

21. Capitalisation and indebtedness

The following table shows, sourced from the Company's internal accounting records, the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 12 December 2013 (being the latest practicable date prior to the publication of this Prospectus) and the Company's audited capitalisation as at 30 September 2013 (being the last date in respect of which the Company has published financial information).

| | <i>12 December 2013</i> |
|---------------------------|-------------------------|
| | <i>£'000</i> |
| <i>Total current debt</i> | 0 |
| Guaranteed | 0 |
| Secured | 20,800 |
| Unguaranteed/unsecured | 0 |
| Total current debt | <u>20,800</u> |

| | <i>12 December 2013</i> |
|---|-------------------------|
| | <i>£'000</i> |
| <i>Non-current debt (excluding current portion of long-term debt)</i> | |
| Guaranteed | 0 |
| Secured | 0 |
| Unguaranteed/unsecured | 0 |
| Total non-current debt | <u>0</u> |

| | <i>30 September 2013</i> |
|-----------------------------|--------------------------|
| | <i>£'000</i> |
| <i>Shareholders' equity</i> | |
| Share capital | 20,784 |
| Legal reserve | 0 |
| Other reserves* | 366,577 |
| Total Shareholders' equity* | <u>387,361</u> |

*Excludes the Company's revenue reserve

As at 12 December 2013 (being the latest practicable date prior to the publication of this Prospectus), there has been no material change in the audited capitalisation of the Company as at 30 September 2013 (being the last date in respect of which the Company has published financial information).

The following table shows, sourced from its internal accounting records, the Company's unaudited net indebtedness as at 12 December 2013 (being the latest practicable date prior to the publication of this Prospectus). There is no secured or guaranteed indebtedness.

| | <i>12 December 2013</i> |
|--|-------------------------|
| | <i>£'000</i> |
| A Cash | 591 |
| B Cash equivalent | 0 |
| C Trading Securities | 0 |
| D Liquidity (A+B+C) | 591 |
| E Current financial receivables | 0 |
| F Current bank debt | 20,800 |
| G Current position of non-current debt | 0 |
| H Other current financial debt | 0 |
| I Current financial debt (F+G+H) | 20,800 |
| J Net current financial indebtedness (I-E-D) | 20,209 |
| K Non-current bank loans | 0 |
| L Bonds issued | 0 |
| M Other non-current loans | 0 |
| N Non-current loans (K+L+M) | 0 |
| O Net financial indebtedness (J+N) | 20,209 |

There are no indirect or contingent liabilities.

22. Overseas investors

If you receive a copy of the Prospectus in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you. It is your responsibility, if you are outside the United Kingdom and wishing to make an application for Ordinary Shares, 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.

Without limiting the above, the Ordinary Shares may not be offered, sold or delivered, directly or indirectly, within Canada, Australia, Japan 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 Ordinary Shares 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 Canada, Australia, the Republic of South Africa, Japan or the United States. No application will be accepted if it bears an address in Canada, Australia, Japan or the United States or appears to have been posted from Canada, Australia, the Republic of South Africa, Japan or the United States or otherwise where there is cause to believe you are in Canada, Australia, the Republic of South Africa, Japan or the United States.

23. Fair Treatment of Investors

With effect from the AIFMD Implementation Date, the Manager shall have procedures, arrangements and policies in place to ensure compliance with the principles more particularly described in the AIFM Rules relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interests of the Company and of the Shareholders;
- ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile;
- ensuring that the interests of any group of Shareholders are not placed above the interests of any other group of Shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;
- preventing undue costs being charged to the Company and Shareholders;
- taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of Shareholders; and
- recognising and dealing with complaints fairly.

The Manager maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest.

24. Availability of Prospectus

A copy of this Prospectus will be available for inspection at The National Storage Mechanism which is located at www.hemscott.com/nsm.do, and for as long as New Ordinary Shares are available for issue under this Prospectus, copies of this Prospectus are available for collection, free of charge from the offices of Frostrow Capital LLP, Heathmans House, 19 Heathmans Road, London SW6 4TJ. The Prospectus will also be available on the Company's website – www.finsburygt.com.

25. Documents on display

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Frostrow Capital LLP, Heathmans House, 19 Heathmans Road, London SW6 4TJ, from 16 December 2013 for the period of 12 months from the date of this Prospectus:

25.1 this Prospectus dated 16 December 2013;

25.2 the Articles of Association of the Company;

25.3 the audited accounts of the Company for the financial years ended 30 September 2011, 2012 and 2013;

25.4 the material contracts referred to in paragraph 13 of Part 8 of this Prospectus.

PART 9:

TERMS AND CONDITIONS OF APPLICATION UNDER THE PLACING PROGRAMME

1. Introduction

Each placee which confirms its agreement to Winterflood to subscribe for New Ordinary Shares under the Placing Programme will be bound by these terms and conditions and will be deemed to have accepted them.

The Company and/or Winterflood may require any placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) sees fit.

2. Agreement to Subscribe for Ordinary Shares

Conditional on (i) Winterflood confirming to the placees their allocation of New Ordinary Shares; (ii) Shareholder authority for the disapplication of pre-emption rights in respect of the relevant allotment being in place; and (iii) the Placing Price being determined by the Directors in accordance with paragraph 6 of Part 5 of this document, a placee agrees to become a member of the Company and agrees to subscribe for those New Ordinary Shares allocated to it by Winterflood at the Placing Price. 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

Each placee must pay the Placing Price for the New Ordinary Shares issued to the placee in the manner and by the time directed by Winterflood. If any placee fails to pay as so directed and/or by the time required, the relevant placee's application for New Ordinary Shares shall be rejected.

4. Representations and Warranties

By agreeing to subscribe for New Ordinary Shares, each placee which enters into a commitment to subscribe for New Ordinary Shares will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and any nominee(s) for any such person(s) be deemed to represent and warrant to each of the Company and Winterflood that:

- (a) in agreeing to subscribe for New Ordinary Shares under the Placing Programme, it is relying solely on this prospectus and any supplementary Prospectus issued by the Company and not on any other information given, or representation or statement made at anytime, by any person concerning the Company and/or the Placing Programme. It agrees that none of the Company, the Investment Manager, the Manager or Winterflood, nor any of their respective officers, agents, 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;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for New Ordinary Shares under the Placing Programme, 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 Manager, the Manager, Winterflood 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 Programme;
- (c) it has carefully read and understand this Prospectus in its entirety and acknowledges that it is acquiring New Ordinary Shares on the terms and subject to the conditions set out in this Part 9 and the Articles as in force at the date of admission of the relevant New Ordinary Shares;
- (d) it has not relied on Winterflood or any person affiliated with Winterflood in connection with any investigation of the accuracy of any information contained in this Prospectus;

- (e) the content of this Prospectus is exclusively the responsibility of the Company and its Directors and neither Winterflood nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a placee to participate in the Placing Programme based on any information, representation or statement contained in this Prospectus or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Placing Programme to give any information or make any representation other than as contained in this Prospectus and, if given or made any information or representation must not be relied upon as having been authorised by Winterflood, the Company, the Manager or the Investment Manager;
- (g) 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;
- (h) it accepts that none of the Ordinary Shares have been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa or Japan. Accordingly, the New Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of United States, Canada, Australia, the Republic of South Africa or Japan unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the New Ordinary Shares may otherwise lawfully be offered under such Order, or, 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 may be lawfully offered under that other jurisdiction's laws and regulations;
- (j) if it is a resident in the EEA (other than the United Kingdom), it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of Directive 2003/71/EC;
- (k) in the case of any Ordinary Shares acquired by an investor as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the Ordinary Shares acquired by it in the Placing Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, or in circumstances in which the prior consent of Winterflood has been given to the offer or resale; (ii) where New Ordinary Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those New Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (l) if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Placing Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for New Ordinary Shares pursuant to the Placing Programme 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 New Ordinary 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;
- (m) 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 New Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- (n) if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor's agreement to subscribe for Ordinary Shares under the Placing Programme and will not be any such person on the date any such agreement to subscribe under the Placing Programme is accepted;
- (o) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials concerning the Issue, the Placing Programme or the New

Ordinary Shares to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;

- (p) it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading “United States Purchase Transfer Restrictions” in paragraph 5, below;
- (q) it acknowledges that neither Winterflood nor any of its affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any, transactions it may enter into in connection with the Placing Programme or providing any advice in relation to the Placing Programme and participation in the Placing Programme is on the basis that it is not and will not be a client of Winterflood and that Winterflood do not have any duties or responsibilities to it for providing the protections afforded to their clients or for providing advice in relation to the Placing Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Placing Programme;
- (r) it acknowledges that where it is subscribing for New Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the New Ordinary Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing Programme in the form provided by the Company and/or Winterflood. It agrees that the provision of this paragraph shall survive any resale of the New Ordinary Shares by or on behalf of any such account;
- (s) it irrevocably appoints any director of the Company and any director of Winterflood 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 New Ordinary Shares for which it has given a commitment under the Placing Programme, in the event of its own failure to do so;
- (t) it accepts that if the Placing Programme does not proceed or the conditions to the Placing Agreement are not satisfied or the New Ordinary Shares for which valid application are received and accepted are not admitted to listing on the premium segment of the Official List and to trading on the main market of the London Stock Exchange for any reason whatsoever then none of Winterflood or the Company, 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;
- (u) in connection with its participation in the Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering (“Money Laundering Legislation”) and that its application is only made on the basis that it accepts full responsibility for any requirement to 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) subject to the Money Laundering Regulations 2007, the Proceeds of Crime Act 2002 and the Terrorism Act 2000, in each case, is amended; or (iv) 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;
- (v) it acknowledges that due to anti-money laundering requirements, Winterflood and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Winterflood and the Company refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Winterflood and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;
- (w) it acknowledges that any person in the UK involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for New Ordinary Shares) is involved in money laundering activities, is under an obligation to report such suspicion to its nominated officer, as required under the Proceeds of Crime Act 2002, as amended;

- (x) it acknowledges and agrees that information provided by it to the Company or Manager will be stored on the Manager's computer system and manually. It acknowledges and agrees that for the purposes of the Data Protection Act 1998 (the "Data Protection Law") and other relevant data protection legislation which may be applicable, the Manager is required to specify the purposes for which it will hold personal data. The Manager will only use such information for the purposes set out below (collectively, the "Purpose"), being to:
 - (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of New Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares;
 - (iii) provide personal data to such third parties as the Manager may consider necessary in connection with its affairs and generally in connection with its holding of New Ordinary Shares or as the Data Protection Law may require, including to third parties outside the UK or the European Economic Area;
 - (iv) without limitation, provide such personal data to the Company or the investment Manager and their respective associates for processing, notwithstanding that any such party may be outside the UK or the European Economic Area; and
 - (v) process its personal data for the Manager's internal administration.
- (y) in providing the Manager with information, it hereby represents and warrants to the Manager that it has obtained the consent of any data subjects to the Manager and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph (x) above). For the purposes of this prospectus, "data subject" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;
- (z) the representations, undertakings and warranties contained in this Prospectus are irrevocable. It acknowledges that Winterflood and the Company and their respective affiliates will rely upon the truth and accuracy of the forgoing representations and warranties and it agrees that if any of the representation or warranties made or deemed to have been made by its subscription of the New Ordinary Shares are not longer accurate, it shall promptly notify Winterflood and the Company;
- (aa) where it or any person acting on behalf of it is dealing with Winterflood, any money held in an account with Winterflood 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 Winterflood to segregate such money, as that money will be held by Winterflood under a banking relationship and not as trustee;
- (bb) any of its clients, whether or not identified to Winterflood, will remain its sole responsibility and will not become clients of Winterflood for the purposes of the rules of the Financial Conduct Authority or for the purposes of any other statutory or regulatory provision;
- (cc) it accepts that the allocation of New Ordinary Shares shall be determined by Winterflood in its absolute discretion but in consultation with the Company and that Winterflood may scale down any Placing commitments for this purpose on such basis as it may determine; and
- (dd) time shall be of the essence as regards its obligations to settle payment for the New Ordinary Shares and to comply with its other obligations under the Placing Programme.

5. United States Purchase and Transfer Restrictions

By participating in the Placing Programme, each placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for New Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Manager, the Investment Manager, and Winterflood that:

- (a) it is not a U.S. Person and it is not acquiring the New Ordinary Shares for the account or benefit of a U.S. Person;

- (b) it acknowledges that the New Ordinary Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the Securities Act;
- (c) it acknowledges that the Company has not registered under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act;
- (d) unless the Company expressly consents in writing otherwise; no portion of the assets used to purchase, and no portion of the assets used to hold, the New Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Tax Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title 1 of ERISA or Section 4975 of the Tax Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title 1 of ERISA or Section 4975 of the Tax Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (e) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (f) it is purchasing the New Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Ordinary Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;
- (g) it acknowledges that the Company reserves the right to make inquiries of any holder of the New Ordinary Shares or interests therein at any time as to such person's status under U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under U.S. securities laws to transfer such Ordinary Shares or interests in accordance with the Articles;
- (h) it acknowledges and understands that the Company is required to comply with FATCA and the UK FATCA Regulations. It agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- (i) it is entitled to acquire the New Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the New Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Manager, the Investment Manager, Winterflood or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing Programme or its acceptance of participation in the Placing Programme;
- (j) it has received, carefully read and understands this Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the New Ordinary Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing; and
- (k) if it is acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, the investor has sole investment discretion with respect to each such account and full power and

authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, the Manager, the Investment Manager, Winterflood and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.

If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

6. Supply and Disclosure of Information

If Winterflood, the Manager or the Company or any of their agents request any information about a placee's agreement to subscribe for New Ordinary Shares under the Placing Programme, such placee must promptly disclose it to them.

7. Miscellaneous

The rights and remedies of Winterflood, the Manger 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.

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 Programme will be sent at the placee's risk. They may be returned by post to such placee at the address notified by such placee.

Each placee agrees to be bound by the Articles once the New Ordinary Shares, which the placee has agreed to subscribed for pursuant to the Placing Programme, have been acquired by the placee. The contract to subscribe for New Ordinary Shares under the Placing Programme and the appointments and authorities mentioned in this Prospectus and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with the laws of England and Wales. For the exclusive benefit of Winterflood, the Company and the Manager, 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 the placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Ordinary-Shares under the Placing Programme, 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.

Winterflood and the Company expressly reserve the right to modify the Placing Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined.

DIRECTORS, MANAGER, INVESTMENT MANAGER AND ADVISERS

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John Allard
Neil Collins
David Hunt, FCA
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