

Share Buy-back and Issuance Policy



Shareholders in the Company will know that the principal difference between investment trusts and the other most common collective investment vehicles, unit trusts and open ended investment companies ("OEICs"), is that

- to participate in unit trusts and OEICs, investors apply to the fund management company for new units or shares. These are normally issued and redeemed at or near to net asset value ("NAV") per share, whereas
- to participate in an investment trust requires the purchase of the shares in that trust through the stock market.

The share price of an investment trust tends to track the NAV per share, but they seldom if ever trade at exactly the NAV per share, or at "par" as it is known. Historically the great majority of investment trusts have traded at a discount to NAV per share, often well into double digits, although there are a select few, usually specialist, investment trusts that trade at a premium.

There are some investors who find the ability to buy stock in investment trusts at a discount attractive, although they are rarely so enthusiastic if they have to sell at a discount. However, the Board believes that it is in the best interests of the Company's shareholders (whether buying, holding or selling) that the Company's shares trade at a price as close to NAV per share as practicable.

The level of discount, or premium, at which investment trust shares trade is very substantially affected by the law of supply and demand; put simply a much sought-after share rarely trades at a significant discount and may even trade at a premium, whereas out of favour shares often move to material discounts.

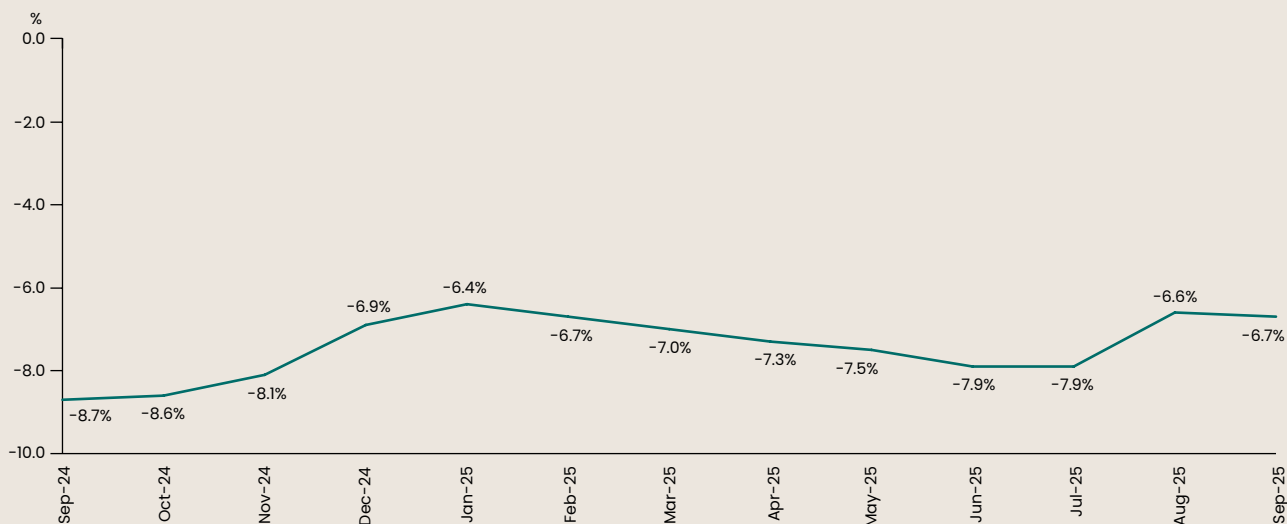
In an effort to try to eliminate discount volatility, the Board introduced a share buy-back and issuance policy in 2004. Under the policy, the Company will normally buy in the shares being offered on the stock market whenever the discount approaches a level of 5% or more and then hold those shares in "treasury". Shares held by a company in treasury are, for accounting purposes, effectively eliminated but, legally and for Stock Exchange purposes, they continue to exist, which means they can later be sold back to the market if conditions permit.

The re-sale of treasury shares will only take place at a premium to the NAV per share. It is also the intention of the Board that sales from treasury will only take place when the Board believes that to do so would assist in the provision of liquidity to the market.

In previous years the Company's successful performance generated substantial investor interest, which in the absence of the other side of our policy could have led to our shares moving to a significant premium to NAV per share. The Board considers that limiting the premium is just as important as limiting the discount. Therefore whenever there are unsatisfied buying orders for our shares in the market, the Company issues new shares at a small premium to NAV per share. This ensures that there is no asset dilution to existing shareholders, indeed such issuance enhances the NAV per share for existing investors, but stops the market price going to a significant and possibly unsustainable premium.

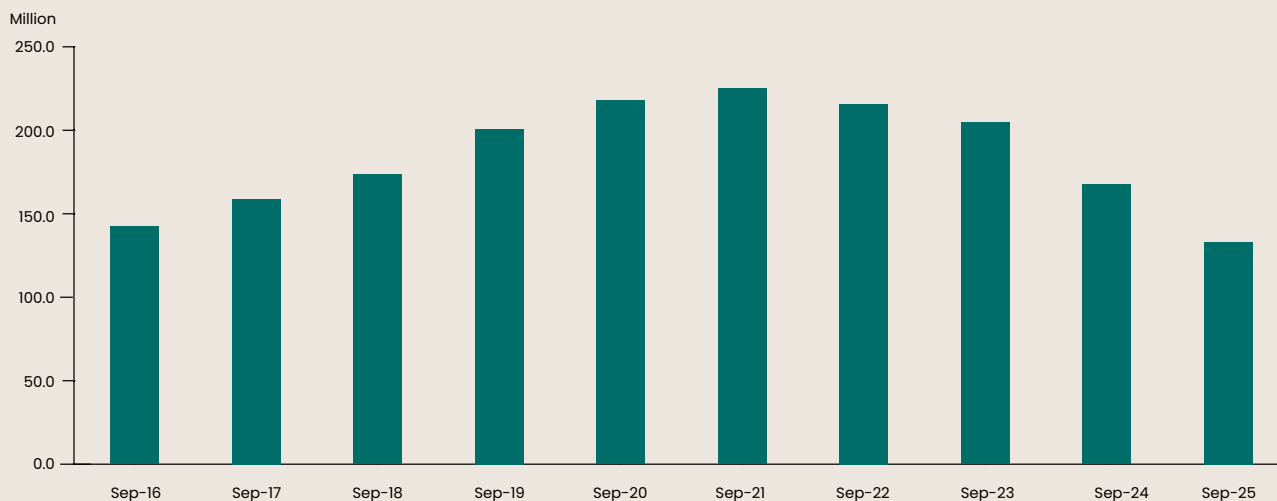
Share Buy-back and Issuance Policy

1 YEAR DISCOUNT OF SHARE PRICE TO NAV PER SHARE TO 30 SEPTEMBER 2025



Source: Frostrow Capital LLP

10 YEARS SHARES IN ISSUE EXCLUDING TREASURY SHARES



Source: Frostrow Capital LLP