

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.**

This document comprises a prospectus relating to Fidelity Asian Values PLC prepared in accordance with the Prospectus Rules made under section 84 of the Financial Services and Markets Act 2000 (“FSMA”) in order to make an offer of transferable securities to the public and to admit the transferable securities to trading on the London Stock Exchange. This document has been approved by and filed with the Financial Conduct Authority in accordance with the Prospectus Rules. This document and the information herein relates expressly to the Subscription Shares. If you sell or have sold or otherwise transferred all of your Ordinary Shares, please send this document accompanying Circular Form of Proxy and/or Voting Instruction Form at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom or by whom the sale or transfer was made, for delivery to the purchaser or transferee. The distribution of this document and/or the accompanying documents in jurisdictions other than the UK, including the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction. Application will be made to the Financial Conduct Authority for the Subscription Shares to be admitted to the standard segment of the Official List. Application will also be made to the London Stock Exchange for all such Subscription Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities.

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# FIDELITY ASIAN VALUES PLC

*(Incorporated in England and Wales with company number 3183919 and registered as an investment company under section 833 of the 2006 Act)*

## BONUS ISSUE OF UP TO 13,497,642 SUBSCRIPTION SHARES

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**This document is to be read in conjunction with all documents which are incorporated by reference and should be read in its entirety before making any decision. In particular, your attention is drawn to the letter from the Information on the Bonus Issue that is set out on page 29 of this document. Your attention is also drawn to the Risk Factors section set out in this document.**

**It is expected that Admission will become effective and that dealings in the Subscription Shares on the London Stock Exchange’s main market for listed securities will commence on or around 6 December 2016.**

The Ordinary Shares are not, and the Subscription Shares will not be, registered under the Securities Act or under the relevant laws of any State of the United States or any state, province or territory of Australia, Canada, Japan, New Zealand or the Republic of South Africa. Subject to certain exceptions, the Subscription Shares issued under the Bonus Issue may not, directly or indirectly, be offered, sold, taken up, delivered or transferred in or into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or to, or for the account or benefit of, US Persons (as defined in Regulation S of the Securities Act). The Subscription Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed comment upon or endorsed the merits of the Bonus Issue or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. The attention of Overseas Shareholders and other recipients of this document who are residents or citizens of any country outside the EEA is drawn to the section entitled “Overseas Shareholders” in Part I of this document.

Prospective investors should inform themselves as to (a) the possible tax consequences; (b) the legal requirements; and (c) any foreign exchange restrictions or exchange control requirements, which they might encounter under the laws of the countries of their citizenship, residence or domicile, and which might be relevant to the subscription for, holding or disposal of Subscription Shares or the exercise of the Subscription Share Rights.

The Bonus Issue described in this document is conditional upon Shareholder approval of the Resolution at the 2016 Annual General Meeting. Notice of the 2016 Annual General Meeting of the Company to be held at 25 Cannon Street, London EC4M 5TA on 2 December 2016 at 11.00 a.m. is set out in the accompanying Circular. The Form of Proxy for use at the 2016 Annual General Meeting accompanies the Circular and, to be valid, should be completed and returned in accordance with the instructions set out therein as soon as possible but, in any event, so as to reach the Company’s Registrars, Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by not later than 11.00 a.m. on 30 November 2016. Completion and posting of the Form of Proxy do not prevent Shareholders from attending and voting in person at the 2016 Annual General Meeting.

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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 this type of securities and Issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

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

<b>Section A – Introduction and Warnings</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
A1	Warning	This summary section should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on a consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national legislation of the EEA States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this 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 such securities.
A2	Consent for resale	Not Applicable. The Company has not given its consent to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.
<b>Section B – Issuer</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
B1	Legal and commercial name	Fidelity Asian Values PLC
B2	Domicile and legal form	The Company is incorporated in England and Wales with company number 3183919 and registered as an investment company under section 833 of the 2006 Act.
B5	Group description	Not applicable. The Company is not part of a group.

B6	Major Shareholders	<p>As at 21 October 2016 (being the latest practicable date before publication of this Prospectus) insofar as known to the Company, the following parties had declared a notifiable interest in the Company's voting rights (under the Disclosure and Transparency Rules):</p> <table border="1" data-bbox="646 309 1396 577"> <thead> <tr> <th style="text-align: left;"><i>Shareholder</i></th> <th style="text-align: right;"><i>Number of Ordinary Shares</i></th> <th style="text-align: right;"><i>% of voting rights</i></th> </tr> </thead> <tbody> <tr> <td>Fidelity Platform Investors</td> <td style="text-align: right;">10,433,259</td> <td style="text-align: right;">15.46</td> </tr> <tr> <td>Wells Capital Management</td> <td style="text-align: right;">7,991,219</td> <td style="text-align: right;">11.84</td> </tr> <tr> <td>Lazard Asset Management</td> <td style="text-align: right;">5,632,100</td> <td style="text-align: right;">8.35</td> </tr> <tr> <td>Hargreaves Lansdown</td> <td style="text-align: right;">3,029,334</td> <td style="text-align: right;">4.49</td> </tr> <tr> <td>City of London Investment Management</td> <td style="text-align: right;">2,905,289</td> <td style="text-align: right;">4.30</td> </tr> <tr> <td>Charles Stanley</td> <td style="text-align: right;">2,465,463</td> <td style="text-align: right;">3.65</td> </tr> </tbody> </table> <p>All Shareholders have the same voting rights in respect of the share capital of the Company. The Company and the Directors are not aware of any person, who directly or indirectly, jointly or severally, exercises or could exercise control over the Company. The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.</p>	<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of voting rights</i>	Fidelity Platform Investors	10,433,259	15.46	Wells Capital Management	7,991,219	11.84	Lazard Asset Management	5,632,100	8.35	Hargreaves Lansdown	3,029,334	4.49	City of London Investment Management	2,905,289	4.30	Charles Stanley	2,465,463	3.65																										
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B7	Key Financial Information	<p>The key figures that summarise the Company's financial condition for the periods ended 31 July 2014, 2015 and 2016 are set out below:</p> <table border="1" data-bbox="646 913 1396 1339"> <thead> <tr> <th rowspan="2"></th> <th colspan="3" style="text-align: center;"><i>As at or for the year ended 31 July (audited)</i></th> </tr> <tr> <th style="text-align: center;"><i>2014</i></th> <th style="text-align: center;"><i>2015</i></th> <th style="text-align: center;"><i>2016</i></th> </tr> </thead> <tbody> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">172,762</td> <td style="text-align: right;">178,937</td> <td style="text-align: right;">237,545</td> </tr> <tr> <td>NAV per share (pence)</td> <td style="text-align: right;">255.99</td> <td style="text-align: right;">265.14</td> <td style="text-align: right;">351.98</td> </tr> <tr> <td colspan="4"><b>Revenue Return</b></td> </tr> <tr> <td>Total income (£'000)</td> <td style="text-align: right;">3,332</td> <td style="text-align: right;">4,527</td> <td style="text-align: right;">6,441</td> </tr> <tr> <td>Net return (£'000)</td> <td style="text-align: right;">769</td> <td style="text-align: right;">1,523</td> <td style="text-align: right;">3,614</td> </tr> <tr> <td>Return per share (pence)</td> <td style="text-align: right;">1.14</td> <td style="text-align: right;">2.26</td> <td style="text-align: right;">5.36</td> </tr> <tr> <td>Dividend per share (pence)</td> <td style="text-align: right;">1.10</td> <td style="text-align: right;">2.00</td> <td style="text-align: right;">4.50</td> </tr> <tr> <td colspan="4"><b>Total Return</b></td> </tr> <tr> <td>Net return (£'000)</td> <td style="text-align: right;">18,077</td> <td style="text-align: right;">6,917</td> <td style="text-align: right;">59,958</td> </tr> <tr> <td>Net return per share (pence)</td> <td style="text-align: right;">26.76</td> <td style="text-align: right;">10.25</td> <td style="text-align: right;">88.85</td> </tr> </tbody> </table> <p>Other than the above, there has otherwise been no significant change in the financial condition or operating results of the Company during the three financial years ended 31 July 2014, 2015 and 2016 or the period since 31 July 2016, being the date to which the latest audited yearly results of the Company were published.</p>		<i>As at or for the year ended 31 July (audited)</i>			<i>2014</i>	<i>2015</i>	<i>2016</i>	Net assets (£'000)	172,762	178,937	237,545	NAV per share (pence)	255.99	265.14	351.98	<b>Revenue Return</b>				Total income (£'000)	3,332	4,527	6,441	Net return (£'000)	769	1,523	3,614	Return per share (pence)	1.14	2.26	5.36	Dividend per share (pence)	1.10	2.00	4.50	<b>Total Return</b>				Net return (£'000)	18,077	6,917	59,958	Net return per share (pence)	26.76	10.25	88.85
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B8	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> financial information included.																																															
B9	Profit forecast	Not applicable. No profit forecast or estimate made.																																															
B10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications in the audit report of the historical financial information.																																															

B11	Explanation if working capital not sufficient for present requirements	Not applicable. In the Company's opinion, the Company has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of this Prospectus.
B34	Investment objective and policy	<p>The Company's objective is to achieve long term capital growth principally from the stockmarkets of the Asian region excluding Japan.</p> <p>The Company seeks to meet its investment objective through investment in a diversified portfolio of securities and instruments issued by or related to companies listed on the stockmarkets in the Asian Region excluding Japan but investments may be made in companies listed elsewhere, which in the opinion of the Portfolio Manager, have significant interests in the Asian region, excluding Japan.</p> <p>In order to diversify the Company's portfolio, the Board has set broad guidelines for the Manager which the Board reserves the right to amend as it sees fit, in respect of the country weightings of the portfolio. The Company may invest directly in the shares of companies or directly through equity related instruments (such as derivative contracts, warrants or convertible bonds) and in debt instruments. The Company may also invest in unquoted securities and in other investment funds, subject to the investment restrictions set out below.</p> <p>The Company will invest and manage its assets with an objective of spreading risk with the following investment restrictions:</p> <ul style="list-style-type: none"> <li>• no single or aggregate investment in any one company or other investment entity shall represent more than 10 per cent. of the Company's Gross Assets, measured at the time of any investment.</li> <li>• up to 5 per cent. of its Gross Assets measured at the time of investment in securities which are not listed on any stock exchange. However the Portfolio Manager will not normally make any such investment, except where it is expected that the securities will become listed on a stock exchange in the foreseeable future.</li> <li>• up to 15 per cent. of its Gross Assets at the time of investment in other investment funds (whether listed or unlisted) where such funds offer the only practicable means of gaining exposure to a particular market in the Asian region, excluding Japan and within that limit, no more than 10 per cent. at the time of investment of the Company's Gross Assets may be invested in funds that do not have stated policies to invest more than 15 per cent. of their Gross Assets in other listed closed-ended funds.</li> <li>• up to 5 per cent. of its Gross Assets measured at the time of investment in securities which are not listed or domiciled in the Asian Region, provided the investments have a strong Asian Region rationale.</li> </ul> <p>The Company is permitted to invest in Non-Voting Depository Receipts, American Depository Receipts, Global Depository Receipts and Equity Linked Notes. Any such investment will be included in the relevant aggregate country weighting.</p> <p>The Company is not expected to undertake any foreign exchange hedging of its portfolio, but reserves the right to do so.</p>

B35	Borrowing limits	<p>The Company may utilise derivative instruments, including index-linked notes, futures, contracts for differences (“CFDs”), call options (including covered calls), put options and other equity related derivative instruments to meet the investment objectives of the Company. Derivatives usage will focus on, but will not be limited to the following investment strategies:</p> <ul style="list-style-type: none"> <li>• as an alternative form of gearing to bank loans. The Company would enter into long CFDs which would achieve an equivalent effect to buying an asset financed by bank borrowing but often at lower financing costs.</li> <li>• To hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at a reasonable costs.</li> <li>• To enhance the investment returns by taking short exposures on stocks that the Investment Manager considers to be over-valued.</li> </ul> <p>The Board has created strict policies and exposure limits and sub-limits to manage derivatives.</p> <p>Derivative use is limited in terms of the value of the total portfolio to which the investor (i.e. the Company) is exposed, whether through direct or indirect investment (including through derivatives). The board adopts the policy that:</p> <ul style="list-style-type: none"> <li>• Net Market Exposure will not exceed the NAV of the Company by more than 30 per cent.; and</li> <li>• Gross Asset Exposure will not exceed the NAV of the Company by more than 40 per cent.</li> </ul> <p>It is the current intention of the Board that, in normal market circumstances the Portfolio Manager will maintain Net Market Exposure in the range of 90 per cent. to 115 per cent.</p> <p>The sum of all short exposures of the Company under derivatives, excluding hedges, will not exceed 10 per cent. of the total net assets.</p> <p>The majority of the Company’s exposure to equities will be through direct investment and not through derivatives. In addition, the limits on exposure to individual companies and groups are calculated after translating all derivative exposures into economically equivalent amounts of the underlying assets.</p> <p>The Company’s articles limit the directors’ power to borrow if borrowings would then exceed twice adjusted capital and reserves.</p>
B36	Regulatory status	<p>As an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, as a company listed on the Official List, it is subject to the Listing Rules of the UK Listing Authority, the Prospectus Rules and the Disclosure and Transparency Rules.</p> <p>The Company is an alternative investment fund for the purposes of the Alternative Investment Fund Managers Directive. As such the Company has appointed a properly authorised alternative investment fund manager and a depositary and will need to make certain disclosures to investors and to the FCA in addition to those required due to its listing.</p>

B37	Typical investors	<p>The typical investors for whom an investment in the Company is intended are professionally advised private investors (including retail investors), or institutional investors, seeking long term capital growth from investment in stockmarkets of the Asian Region excluding Japan.</p> <p>An investment in the Company may also be suitable for financially sophisticated private investors who are not professionally advised but 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.</p>
B38	Investment of 20% or more in single underlying asset or investment company	Not applicable. No single investment has or will represent more than 20% of the NAV of the Company at the time of investment.
B39	Investment of 40% or more in single underlying asset or investment company	Not applicable. No single investment has or will represent more than 40% of the NAV of the Company at the time of investment.
B40	Applicant's service providers	<p><b>AIFM</b></p> <p>FIL Investment Services (UK) Limited ("FISL") is appointed as the AIFM to the Company. The AIFM operates under the terms of the AIFM Agreement. FISL has entered into a contract with the Manager to delegate portfolio management and company secretarial services back to the Manager. FISL is part of the same group of companies as the Manager.</p> <p>The Company pays 0.90% (exclusive of VAT) on the first £200 million of Gross Assets, and 0.85% (exclusive of VAT) on Gross Assets over £200 million. In addition, the Company pays a secretarial and administration fee which since 1 August 2015 is fixed at £75,000 per annum (2015: £42,000) payable quarterly in arrears.</p> <p><b>Manager</b></p> <p>As noted above, the Manager retains responsibility for providing portfolio management and company secretarial services to the Company, having been delegated such responsibility by the AIFM.</p> <p>The Manager also provides certain other services, such as marketing and administration, including in connection with the Fidelity Platform. Fees payable in respect of these services for the financial year ended 31 July 2016 were £122,000 (2015: £101,000).</p>

		<p><b>Custodian</b></p> <p>JP Morgan Chase Bank, NA, London Branch has been appointed as the custodian of the Company. The Custodian is entrusted with the safe custody of the assets of the Company. In particular, it carries out all usual duties relating to cash and securities and, in addition, may delegate such duties to sub-custodians. The Custodian will use reasonable care in the selection and appointment of sub-custodians.</p> <p>The Company pays and the Custodian receives a fee for its services (under the Global Custody Agreement dated 22 July 2014) together with the Custodian’s reasonable out-of-pocket or incidental expenses. The amount, as may be agreed upon in writing, may only be increased by the Custodian upon giving at least 30 days’ written notice to the Company. The fee payable in respect of these services for the financial year ended 31 July 2016 was £87,000 (2015: £96,000).</p> <p><b>Depositary</b></p> <p>J.P. Morgan Europe Limited has been appointed as the depositary of the Company. The Depositary is entitled to an annual fee for providing the depositary services, which in the financial year ending 31 July 2016 was £22,000 (2015: £23,000).</p> <p><b>Registrar</b></p> <p>The Company has been appointed Capita Registrars Limited as its registrar. The Registrar is responsible for providing share registration services to the Company services under the terms of a registrar agreement. These services include the maintenance of the Company’s register of members, the maintenance of the Corporate Portal and the provision of the Shareholder Web Portal.</p> <p>The Company has agreed to pay quarterly fees to the Registrar in consideration for the services received which for the year ending 31 July 2016 was £38,000 (2015: £36,000).</p> <p>Fees may be increased by the Registrar upon 30 days’ written notice to the Company. The revised fee will apply from the expiry of the 30 day period.</p>
B41	Regulatory status of investment manager, investment adviser and custodian	<p>Both the Manager and the AIFM are authorised and regulated in the United Kingdom by the Financial Conduct Authority.</p> <p>The Custodian and the Depositary are authorised by the Prudential Regulation Authority. The Custodian and the Depositary are subject to regulation by the Financial Conduct Authority.</p>

B42	Calculation of NAV	<p>The Company publishes its NAV per Ordinary Share each Business Day through a Regulatory Information Service. The NAV per Ordinary Share is calculated by the Manager, acting on behalf of the Company. For the purposes of calculating the NAV per Ordinary Share, the Company's listed investments are valued at bid prices. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its net realisable value. Where premia are payable by foreign investors, the market value, for the purpose of the financial statements, includes the premium. Unlisted investments are valued by the Board. In making its valuations the Board takes into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors.</p> <p>The calculation of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.</p>																																																																						
B43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes of investments in another collective investments undertaking.																																																																						
B44	No financial statements have been made up	Not applicable. The Company has commenced business and financial statements have been made up.																																																																						
B45	Portfolio	<p>As at 21 October 2016 (being the latest practicable date prior to the publication of this Prospectus), the Company's portfolio comprised the following investments with a Gross Asset Exposure of more than 1% of total shareholders' funds. The remaining long exposures represented 56.3% of Gross Asset Exposure expressed as a percentage of total shareholders' funds.</p> <table border="1"> <thead> <tr> <th>Security</th> <th>Sector</th> <th>Gross Asset Exposure £'000</th> <th>%<sup>1</sup></th> <th>Fair Value £'000</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>Long Exposures – shares unless otherwise stated</b></td> </tr> <tr> <td>Power Grid Corp of India</td> <td>Utilities</td> <td>9,553</td> <td>3.6</td> <td>9,553</td> </tr> <tr> <td>Tisco Financial Group</td> <td>Financials</td> <td>7,915</td> <td>3.0</td> <td>7,915</td> </tr> <tr> <td>Cognizant Technology Solutions (shares and written put options)</td> <td>Information Technology</td> <td>7,149</td> <td>2.7</td> <td>4,849</td> </tr> <tr> <td>Taiwan Semiconductor Manufacturing (shares and long CFD)</td> <td>Information Technology</td> <td>6,841</td> <td>2.6</td> <td>4,882</td> </tr> <tr> <td>WPG Holdings</td> <td>Information Technology</td> <td>5,894</td> <td>2.2</td> <td>5,894</td> </tr> <tr> <td>Housing Development Finance</td> <td>Financials</td> <td>5,893</td> <td>2.2</td> <td>5,893</td> </tr> <tr> <td>RHT Health Trust</td> <td>Health Care</td> <td>5,700</td> <td>2.1</td> <td>5,700</td> </tr> <tr> <td>LT Group</td> <td>Industrials</td> <td>5,671</td> <td>2.1</td> <td>5,671</td> </tr> <tr> <td>Ascendas India Trust</td> <td>Real Estate</td> <td>5,574</td> <td>2.1</td> <td>5,574</td> </tr> <tr> <td>International Housewares Retail</td> <td>Consumer Services</td> <td>4,622</td> <td>1.7</td> <td>4,622</td> </tr> <tr> <td>SK Hynix</td> <td>Information Technology</td> <td>4,603</td> <td>1.7</td> <td>4,603</td> </tr> <tr> <td>Philippine Seven</td> <td>Consumer Staples</td> <td>4,079</td> <td>1.5</td> <td>4,079</td> </tr> </tbody> </table>	Security	Sector	Gross Asset Exposure £'000	% <sup>1</sup>	Fair Value £'000	<b>Long Exposures – shares unless otherwise stated</b>					Power Grid Corp of India	Utilities	9,553	3.6	9,553	Tisco Financial Group	Financials	7,915	3.0	7,915	Cognizant Technology Solutions (shares and written put options)	Information Technology	7,149	2.7	4,849	Taiwan Semiconductor Manufacturing (shares and long CFD)	Information Technology	6,841	2.6	4,882	WPG Holdings	Information Technology	5,894	2.2	5,894	Housing Development Finance	Financials	5,893	2.2	5,893	RHT Health Trust	Health Care	5,700	2.1	5,700	LT Group	Industrials	5,671	2.1	5,671	Ascendas India Trust	Real Estate	5,574	2.1	5,574	International Housewares Retail	Consumer Services	4,622	1.7	4,622	SK Hynix	Information Technology	4,603	1.7	4,603	Philippine Seven	Consumer Staples	4,079	1.5	4,079
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Power Grid Corp of India	Utilities	9,553	3.6	9,553																																																																				
Tisco Financial Group	Financials	7,915	3.0	7,915																																																																				
Cognizant Technology Solutions (shares and written put options)	Information Technology	7,149	2.7	4,849																																																																				
Taiwan Semiconductor Manufacturing (shares and long CFD)	Information Technology	6,841	2.6	4,882																																																																				
WPG Holdings	Information Technology	5,894	2.2	5,894																																																																				
Housing Development Finance	Financials	5,893	2.2	5,893																																																																				
RHT Health Trust	Health Care	5,700	2.1	5,700																																																																				
LT Group	Industrials	5,671	2.1	5,671																																																																				
Ascendas India Trust	Real Estate	5,574	2.1	5,574																																																																				
International Housewares Retail	Consumer Services	4,622	1.7	4,622																																																																				
SK Hynix	Information Technology	4,603	1.7	4,603																																																																				
Philippine Seven	Consumer Staples	4,079	1.5	4,079																																																																				

		Security	Sector	Gross Asset Exposure		Fair Value
				£'000	% <sup>1</sup>	£'000
		<b>Long Exposures – shares unless otherwise stated</b>				
		G8 Education	Consumer Services	4,049	1.5	4,049
		WT Microelectronics	Information Technology	4,045	1.5	4,045
		HDFC Bank	Financials	3,849	1.4	3,849
		Zhaopin	Industrials	3,404	1.3	3,404
		Essel Propack	Materials	3,333	1.3	3,333
		Padini Holdings	Consumer Services	3,262	1.2	3,262
		Infosys	Information Technology	3,247	1.2	3,247
		Stella International Holdings	Consumer Services	3,040	1.1	3,040
		Convenience Retail Asia	Consumer Staples	2,995	1.1	2,995
		Supalai	Real Estate	2,847	1.1	2,847
		Mapletree Commercial Trust	Real Estate	2,544	1.0	2,544
		<b>Long exposures over 1% of Gross Asset Exposure</b>		<b>110,109</b>	<b>41.2</b>	<b>105,850</b>
		(23 holdings)				
		Long exposures less than 1% of Gross Asset Exposure		149,970	56.6	151,517
		(130 holdings)				
		<b>Total long exposures before netting Index hedges</b> (153 holdings)		<b>260,079</b>	<b>97.8</b>	<b>257,367</b>
		Hang Seng Index put option		(3,251)	(1.2)	700
		KOSPI 200 Index put option		(1,459)	(0.5)	87
		KOSPI 200 Index put option		(1,246)	(0.5)	129
		<b>Total Index hedges</b>		<b>(5,956)</b>	<b>(2.2)</b>	<b>916</b>
		<b>Total long exposures after the netting of Index hedges</b>		<b>254,123</b>	<b>95.6</b>	<b>258,283</b>
		Total short exposures (10 short CFDs)		8,662	3.3	(729)
		<b>Gross Asset Exposure</b>		<b>262,785</b>	<b>98.9</b>	
		<b>Portfolio Fair Value</b>				<b>257,554</b>
		Net current assets (excluding derivative assets and liabilities)				8,045
		<b>Total Shareholders' Funds</b>				<b>265,599</b>
		<sup>1</sup> Gross Asset Exposure is expressed as a percentage of Total Shareholders' Funds.				
B46	Net Asset Value	As at 21 October 2016 (being the latest practicable date prior to the publication of this Prospectus), the NAV per Ordinary Share was 393.55 pence per Ordinary Share (undiluted) and the unaudited NAV of the Company was £265,599,000 (both figures as provided by the Manager).				

<b>Section C – Securities</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
C1	Type and class of securities	<p>The Company is proposing to issue Subscription Shares of 0.001 pence each to Qualifying Shareholders on the basis of one Subscription Share for every five Existing Ordinary Shares, subject to the passing of the Resolution set out in the Notice of Annual General Meeting. The Subscription Shares will be issued by way of a bonus issue to Qualifying Shareholders.</p> <p>The ISIN of the Subscription Shares is GB00BDQZJV55 and the ticker is FASS.</p>
C2	Currency	The Subscription Shares will be denominated in Sterling.
C3	Number of securities in issue	<p>As at 21 October 2016 (being the latest practicable date prior to the publication of this Prospectus), the Company had 67,488,213 Ordinary Shares in issue, all of which are fully paid.</p> <p>The nominal value of each Ordinary Share is 25 pence.</p>
C4	Description of the rights attaching to the securities	<p>Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Share Rights and on payment of the Subscription Price.</p> <p>The Subscription Shares ordinarily carry no right to attend or vote at meetings of holders of Ordinary Shares and have no right to receive dividends or to share in any surplus in the event of liquidation.</p> <p>However, the Subscription Shares do have certain rights and protections, including:</p> <ul style="list-style-type: none"> <li>• that rights attached to the Subscription Shares may only be varied with the sanction of a special resolution of the Subscription Shareholders, being a majority of not less than 75 per cent of the votes cast at a meeting of the Subscription Shareholders, duly convened;</li> <li>• in the event of liquidation, Subscription Shareholders receive an amount calculated in accordance with the formulae set out in the New Articles. The value of the Subscription Shares for these purposes would be the greater of two alternative calculations, by reference to the market value of the Subscription Shares and the excess of NAV over the Subscription Price;</li> <li>• subject to the above, Subscription Shares shall have the right to share in the surplus of a liquidation to the extent of a right to be repaid a sum (rounded up to the nearest whole penny) equal to the nominal value of each Subscription Share (in respect of which Subscription Share Rights have not been exercised) held (ranking immediately after the right of Ordinary Shareholders to be repaid the nominal value of 25 pence for each Ordinary Share); and</li> <li>• certain rights in respect of capital reorganisations.</li> </ul>
C5	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Subscription Shares as a class.

C6	Admission	Applications will be made to the UK Listing Authority for the Subscription Shares to be admitted to the standard segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. It is expected that Admission will occur, and that dealings will commence at 8.00 a.m. on 6 December 2016.
C7	Dividend policy	As an investment trust, the Company is required by the provisions of Chapter 24 of Part 24 of the Tax Act to retain no more than 15% of all income in any reporting year (except that the Company may retain a higher percentage of all income if the Company has accumulated revenue losses brought forward from previous accounting periods or if the Company is required to retain an additional amount of income by law). Subject to shareholders' approval at the forthcoming AGM, the Directors recommend a dividend of 4.50 pence per ordinary share (2015: 2.00 pence and 2014: 1.10 pence). This dividend will be payable on 6 December 2016 to shareholders on the register at close of business on 4 November 2016. As the Company's objective is long term capital growth, any revenue surplus is a function of a particular year's business and it should not be assumed that dividends will continue to be paid in future.
C22	Information about the underlying Ordinary Shares	<p>Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Share Rights and upon payment of the Subscription Price. The Ordinary Shares shall be denominated in Sterling. The ISIN of the Ordinary Shares is GB0003322319 and the SEDOL is 0332231.</p> <p>Application will be made to the UK Listing Authority for the Ordinary Shares resulting from the exercise of the Subscription Share Rights to be admitted to the Official List with a Premium Listing and to the London Stock Exchange for such shares to be admitted to trading on the Main Market. Such Ordinary Shares will rank <i>pari passu</i> 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 Ordinary Shares). There are no restrictions on the free transferability of the Ordinary Shares as a class.</p> <p>The Subscription Share Rights may be exercised on an annual basis in the 25 days preceding the last business day in November in 2017, 2018 and 2019, after which the Subscription Share Rights will lapse. The Ordinary Shares arising on exercise will be allotted within ten Business Days of the relevant Subscription Date. To be exercised, a notice of exercise must be received by the Registrars during such periods, and no later than 5.00 p.m. on the relevant Subscription Date.</p>

<b>Section D – Risks</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
D1	Key information on the key risks that are specific to the Company or its industry	<p>The key risks relating to the Company and its business are:</p> <ul style="list-style-type: none"> <li>• there can be no guarantee that any appreciation in the value of the Company’s investments will occur or that the investment objective of the Company will be achieved, meaning that the investors may not get back the full amount invested;</li> <li>• the Company’s investment strategy means that it invests predominantly in companies listed or traded on the stockmarkets of the Asian region excluding Japan and a fall in the value of Asian equities would have an adverse impact on the value of the Shares; and</li> <li>• interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company’s variable rate cash borrowings.</li> </ul> <p>The key third party risks are:</p> <ul style="list-style-type: none"> <li>• high reliance on third party service providers (principally the Manager, Registrars and Custodian) for control systems and security of the Company’s assets means that any poor governance, compliance and operational administration could lead to serious financial and reputational consequences; and</li> <li>• the Manager may be involved in other financial, investment or professional activities, which may on occasion give rise to a conflict of interest with the Company.</li> </ul> <p>The key risks relating to the Company’s portfolio and its investment strategies are:</p> <ul style="list-style-type: none"> <li>• any factor which would make it more difficult to buy or sell investments on the Asian stockmarkets may have an adverse effect on the profitability of the Company;</li> <li>• the departure of a key individual, for example, the portfolio manager, may have an adverse effect on the performance of the Company;</li> <li>• there can be no guarantee that the due diligence investigations will accurately predict price movements of securities and other investments it selects, and the Company’s investment programme depends to a great extent on correct assessment of such price movements;</li> <li>• the Company’s total return and balance sheet are affected by foreign exchange movements; and</li> <li>• the use by the Company of gearing may amplify movements in the Company’s portfolio, so that if the Company is geared in poorly performing stocks, the impact would be detrimental.</li> </ul> <p>The key risks relating to taxation and regulation are:</p> <ul style="list-style-type: none"> <li>• any change in the Company’s tax status could affect the returns to Shareholders;</li> <li>• any change in tax legislation could affect the market value of the investments held by the Company and/or the returns to Shareholders;</li> <li>• any failure by the Company to comply with applicable laws and regulations could cause it to lose its investment trust status; and</li> <li>• the Company’s income may be reduced by exchange controls or withholding taxes imposed and investments.</li> </ul>

D3	Key information on the key risks that are specific to the Shares	<p>The key risks relating to the Ordinary Shares are:</p> <ul style="list-style-type: none"> <li>• the market price of the Ordinary Shares is likely to fluctuate and may represent either a discount or premium to the NAV per Share;</li> <li>• it is possible that there may not be a liquid market in the Ordinary Shares, as market liquidity in the shares of investment trusts is frequently inferior to that of shares issued by larger companies traded on the London Stock Exchange;</li> <li>• there is a risk of diluting the NAV per Share if Subscription Share Rights are exercised at a time when NAV per Share is greater than the prevailing Subscription Price;</li> <li>• on each occasion the Subscription Share Rights are exercised, this may dilute the holdings of Ordinary Shareholders; and</li> <li>• in the event of a winding-up of the Company prior to the exercise of Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders.</li> </ul> <p>All risks relating to the Ordinary Shares, including those summarised above, will also apply to the Subscription Shares (in so far as they give an entitlement to subscribe for Ordinary Shares). Other key risks relating to the Subscription Shares are:</p> <ul style="list-style-type: none"> <li>• Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement in the market price of the Subscription Shares;</li> <li>• there is no guarantee that the Subscription Shares will have a positive market value, or that the realisable value of the Subscription Shares will reflect their published market price;</li> <li>• in the case of any Subscription Shares whose Subscription Share Rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares may cease to have any value; and</li> <li>• market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares.</li> </ul>
<b>Section E – Offer</b>		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
E1	Net proceeds and costs of the Bonus Issue	<p>The Company's expenses in connection with the Bonus Issue are estimated to amount to approximately £211,500 (exclusive of VAT).</p> <p>Although there can be no certainty as to whether any or all of the Subscription Share Rights will be exercised, if the Bonus Issue proceeds and all of the Subscription Share Rights are exercised, the net proceeds that could arise on such exercise would be between approximately £53.7 million (with a 1% premium to NAV) and £56.9 million with a 7% premium to NAV), in each case based on a NAV of 393.55 pence on 21 October 2016 (being the latest practicable date prior to the publication of this Prospectus) and assuming 13,497,642 Subscription Shares are issued pursuant to the Bonus Issue. It should be noted, however, that the Subscription Price will be calculated as at the Record Date and therefore the above figures are illustrative only.</p>

E2a	Reasons for the offer and use of proceeds	<p>The reasons for the Bonus Issue are:</p> <p>(a) Qualifying Shareholders will receive securities with a monetary value which may be traded in a similar fashion to their Existing Ordinary Shares or converted into Ordinary Shares;</p> <p>(b) on any exercise of the Subscription Share Rights, the capital base of the Company will increase, allowing operating costs to be spread across a larger number of Ordinary Shares, and this may cause the ongoing charges as a percentage of net assets to fall;</p> <p>(c) following the exercise of any Subscription Share Rights, the Company will have an increased number of Ordinary Shares in issue which may improve the liquidity in the market for its Ordinary Shares;</p> <p>(d) Qualifying Shareholders will receive securities which are qualifying investments for the purposes of an ISA and permitted investments for the purposes of a SIPP;</p> <p>(e) the Bonus Issue may broaden the Company's Shareholder base as the Subscription Shares are dispersed in the market, attracting new investors and improving liquidity for Shareholders; and</p> <p>(f) Subscription Shares should represent an attractive way for investors to participate in any future NAV growth of the Company through conversion into Ordinary Shares at a predetermined price.</p> <p>In due course, upon the Subscription Share Rights being exercised, the Directors intend to invest the net proceeds of such subscriptions in accordance with the Company's investment objective and published investment policy.</p>
E3	Terms and conditions of the offer	<p>The Bonus Issue is conditional on the Resolution to be put to the Annual General Meeting being passed and Admission becoming effective by not later than 8.00 a.m. on 6 December 2016 (or such later time and date as the Company and the Manager may agree).</p>
E4	Material interests	<p>Not applicable. No interest is material to the Bonus Issue.</p>
E5	Name of person selling securities	<p>Not applicable. No person or entity is offering to sell Shares as part of the Bonus Issue.</p>
E6	Dilution	<p>Pursuant to the Bonus Issue, each Qualifying Shareholder will be issued with one Subscription Share for every five Existing Ordinary Shares held by such Qualifying Shareholder on the Record Date.</p> <p>If a Qualifying Shareholder exercises all of his Subscription Share Rights before the Final Subscription Date, his percentage interest in the ordinary share capital of the Company as at the Final Subscription Date should not be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue.</p> <p>A Qualifying Shareholder's shareholding may, however, be diluted during the period ending on the Final Subscription Date, depending on how many Subscription Share Rights that Shareholder chooses to exercise on each Subscription Date, and the difference between the Subscription Price and the Net Asset Value per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to each exercise of Subscription Share Rights.</p> <p>Restricted Shareholders, being Overseas Shareholders who do not satisfy the Company that they may lawfully participate in the Bonus Issue, will not receive Subscription Shares pursuant to the Bonus Issue, and such Shareholders may be diluted by up to 20%, of their respective shareholdings, depending on the aggregate number of Subscription Share Rights which are exercised on or before the Final Subscription Date.</p>
E7	Expenses charged to the investor	<p>Not applicable. There are no direct or indirect costs charged to the investor.</p>

## RISK FACTORS

Shareholders should carefully consider all the information in this Prospectus, including the risks described below. The Directors have identified these risks as the material risks relating to the Company, an investment in the Ordinary Shares and the Subscription Shares, and investing in Asian equities of which the Directors are aware as at the date of this Prospectus. Additional risks and uncertainties not presently known to the Directors, or that the Board considers immaterial, may also adversely affect the Company's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Company's business, financial condition, operational performance and the Ordinary Share price and Subscription Share price could be materially adversely affected. In that case, the trading price of the Ordinary Shares and Subscription Shares could decline and potential investors lose some or all of their investments in the Company.

**An investment in the Company may not be suitable for all recipients of this Prospectus. Before making any investment decision, prospective investors are strongly advised to consult an independent adviser authorised under the FSMA who specialises in advising upon investments.**

For the avoidance of doubt, none of the risk factors detailed below seeks to qualify the working capital statement set out in paragraph 5 of Part III of this Prospectus.

### **Risks Relating to the Company and its Business**

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, as set out below.

Investment in the Company should not be regarded as short term in nature. There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objectives of the Company will be achieved. Investors may not get back the full amount initially invested.

#### *Value of investments*

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

There can be no guarantee that any appreciation in the value of the Company's investments will occur or that the investment objective of the Company will be achieved. The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

#### *Investment in Asian equities*

The Company invests predominantly in Asian equities (excluding Japan). A fall in the value of Asian equities would have an adverse impact on the value of the Shares.

#### *Interest rate movements*

The Company finances its operations through ordinary share capital and reserves. In addition, the Company may achieve a geared exposure to Asian equities through the use of derivative instruments which incur funding costs. Consequently the Company is exposed to a financial risk as a result of increases in Asian interest rates.

### **Third Party Risks**

#### *Reliance on third party service providers*

The Company has no employees and relies on a number of third party service providers, principally the Manager, Registrars and Custodian. The Company also relies on the AIFM and the Depositary. The Company is dependent on the Manager's control systems and those of its service providers, which are monitored and managed by the Manager on behalf of the Board.

The security of the Company's assets, dealing procedures, accounting records and the maintenance of regulatory and legal requirements, among other things, rely on the effective operation of such systems. The Manager, Registrars, Custodian, AIFM and Depositary are subject to a risk-based programme of reviews by the Manager's internal audit department. In addition, service providers' own internal controls reports are received and reviewed by the Board and any concerns investigated.

While it is believed that the likelihood of poor governance, compliance and operational administration by third party service providers is low, the financial consequences could be serious, including the associated reputational damage to the Company.

#### *Manager's Potential Conflicts of Interest*

The Manager may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the Manager currently provides and may continue to provide investment management, investment advice or other services in relation to a number of companies, funds or accounts that may have similar investment objectives and/or policies to that of the Company and may receive ad valorem and/or performance-related fees for so doing.

As a result, the Manager may have conflicts of interest in allocating investments among the Company and other clients and in effecting transactions between the Company and other clients. The Manager may give advice or take action with respect to such clients that differs from the advice given or actions taken with respect to the Company. In the event of a conflict arising, the Manager will take reasonable steps to ensure fair treatment for the Company in accordance with FCA's Conduct of Business Sourcebook and the Manager's Conflicts of Interest Disclosure Statement (a copy of which is available on request).

#### *Manager's Information technology systems*

The Manager depends on information technology systems in order to assess investment opportunities, strategies and markets and to monitor and control risks for the Company. It is possible that a failure of some kind which causes disruptions to these information technology systems could materially limit the ability of the Manager to adequately assess and adjust investments, formulate strategies and provide adequate risk control. Any such information technology related difficulty could harm the performance of the Company.

### **Risks relating to the Portfolio and Investment Strategies**

#### *Performance of stockmarkets and Manager*

The success of the Company will depend on the performance of the Asian stockmarkets and the Manager's ability to identify attractive investments and to realise them in accordance with the Company's investment objectives. Any factor which would make it more difficult to buy or sell investments may have an adverse effect on the profitability of the Company. This might include limitations on the liquidity of the underlying stocks that may therefore affect the value at which the Company can buy or sell these, which may ultimately affect performance. No assurance can be given that the Company will be able to invest its capital on attractive terms or to generate returns for Shareholders or that the strategies to be used will be successful under all or any market conditions.

The achievement of the Company's performance objective relative to the market requires the taking of risk such as strategy, asset allocation and stock selection, and may lead to underperformance against the MSCI All Countries Asia ex Japan Index.

The performance of the Company's investment programme depends to a great extent on the correct assessment of the future course of price movements of securities and other investments selected by the Manager. There can be no assurance that the Manager will accurately predict these price movements. The Board relies on the Manager's skills and judgement to make investment decisions based on research and analysis of individual stocks and sectors.

#### *Key individuals*

There can be no guarantee that any individual referred to in this Prospectus will remain with the Manager. The departure of the portfolio manager, namely Nitin Bajaj, may have an adverse effect on the performance of the Company.

#### *Manager's due diligence*

Before making investments, the Manager conducts such due diligence as is deemed reasonable and appropriate based on the facts and circumstances applicable to each investment. There can be no assurance that due diligence investigations with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating that investment opportunity.

Any failure by the Manager to identify relevant facts through the due diligence process may lead to inappropriate investment decisions, which could have a material adverse effect on the Company's profitability, NAV and Share price.

### *Calculation of NAV*

In calculating the Company's daily unaudited NAV, the Manager may rely on estimates of the values of companies or their securities in which the Company invests. Such estimates may be unaudited or may be subject to little verification or other due diligence and may not comply with UK GAAP or other valuation principles.

### *Currency*

The functional currency of the Company in which it reports its results is Sterling; however, most of its assets and its income are denominated in other currencies. Consequently, it is subject to currency risk on exchange rate movements between Sterling and these other currencies. It is the Company's policy not to hedge against currency risks.

In recent months, largely due to the implications of the United Kingdom's proposed exit from the European Union, the weakness of Sterling has had a significantly favourable impact on the Sterling returns of overseas shares which has been reflected in the Company's NAV. However, a recovery of Sterling would have a depressing effect on the share price of the Company.

### *Borrowings and gearing*

Some investment trusts employ gearing in seeking to enhance returns to shareholders by borrowing funds for investment. Where an investment trust is geared, its NAV and price performance would be expected to represent an amplification of any upward and downward movement in the investment trust's portfolio as a result of price changes of the investments contained therein. The Board imposes borrowing limits in an attempt to ensure gearing levels are appropriate to market conditions.

Whilst the use of borrowings within the limits prescribed by the Board should enhance the NAV per Ordinary Share where the value of the Company's underlying assets is rising at a rate greater than the interest rate on the borrowings, it will have the opposite effect where the underlying asset value is falling or is rising at a rate lower than the interest rate on the borrowings. This may increase the volatility of the NAV per Ordinary Share.

The Company has the option to use derivatives in the form of Contracts for Difference ("CFDs") for gearing purposes. This additional flexibility enabled the Company to use both CFDs and bank loans to gear the Company. The Company currently has no bank loans and gears through the use of long CFDs which provide greater flexibility and are significantly cheaper than bank loans. The principal risk is that while in a rising market the Company will benefit from gearing, in a falling market the impact would be detrimental. Other risks are that the cost of gearing may be too high or that the term of the gearing is inappropriate in relation to market conditions.

Derivatives also carry some different risks from investing directly in stocks with or without being funded by borrowing. The use of Derivatives may lead to a higher volatility in the NAV and Share price than might otherwise be the case and may increase the investment risk in the Company's portfolio. The Investment Manager may use one or more separate counterparties to undertake derivative transactions on behalf of the Company and may be required to pledge Collateral paid out of the property of the company to secure the Company's obligations under such contracts. There may be a risk that the counterparty will wholly or partially fail to honour its contractual obligations regarding the return of Collateral and any other payments due to the Company.

In accordance with the risk management process which the Investment Manager already employs to oversee and manage Derivative exposures, the Investment Manager will seek to minimise such risk by only entering into transactions with counterparties that it believes to have an adequate credit rating at the time the transaction is entered into and by ensuring that formal legal agreements covering the terms of the contract are entered into in advance. In certain circumstances, however, the company may be unable to enforce or rely on rights and obligations arising under such agreements. In the event of bankruptcy or insolvency of a counterparty, the Company may only have the rights of a general creditor and so recovery of money owed may be slow or impossible and the Company may incur losses. The Investment Manager will assess on a continuing basis the creditworthiness of counterparties as part of its risk management process but would not be liable for any default by any counterparty (absent any negligence, recklessness, wilful default or fraud by the Investment Manager).

## **Risks relating to the Ordinary Shares**

### *Discounts*

The price of the Ordinary Shares will be determined by the interaction of supply and demand in the market as well as the NAV per Share. The market price of the Ordinary Shares is therefore likely to fluctuate and may represent either a discount or premium to the NAV per Ordinary Share. The rating of the Ordinary Shares is itself variable

as conditions for supply and demand change. This means that the Ordinary Share price may go down as well as up and the Ordinary Share price can fall when the NAV per Ordinary Share rises, or vice versa. Some short term influence over the discount may be exercised by the use of share repurchases at acceptable prices within the parameters set by the Board. The Company's ordinary share price, NAV and discount volatility are monitored daily by the Manager and considered by the Board regularly.

#### *Liquidity*

The Company is a closed-ended vehicle. Accordingly, Shareholders have no right to have their Ordinary Shares repurchased by the Company at any time. Shareholders wishing to realise their investments in the Company will therefore be required to dispose of their Ordinary Shares or Subscription Shares on the stockmarket.

Market liquidity in the shares of investment trusts is sometimes less than market liquidity in shares issued by larger companies traded on the London Stock Exchange. There can be no guarantee that a liquid market in the Ordinary Shares will be maintained. Accordingly, Shareholders may be unable to realise their Ordinary Shares at the quoted market price (or at the prevailing NAV per Ordinary Share) or at all.

#### *Dividends and Income*

The Company's principal investment objective is to achieve capital growth predominantly from investment in companies listed or traded on the stockmarkets of the Asian region excluding Japan. As an investment trust, the Company is required by the provisions of Chapter 24 of Part 24 of the Tax Act to retain no more than 15% of all income in any reporting year (except that the Company may retain a higher percentage of all income if the Company has accumulated revenue losses brought forward from previous accounting periods or if the Company is required to retain an additional amount of income by law). The Company currently only pays dividends out of revenue reserves.

#### *Dilution*

The exercise of Subscription Share Rights at a time when the NAV per Ordinary Share is greater than the prevailing Subscription Price would cause the NAV per Ordinary Share to be diluted and the perceived risk of dilution may cause the market price of the Ordinary Shares to reflect a lesser sensitivity to increase in the NAV per Share than might otherwise be expected.

The allotment of the Subscription Shares will mean that the equivalent of 20% of the Company's issued ordinary share capital is under option immediately following the Bonus Issue. On each occasion the Subscription Shares Rights are exercised this will dilute the ordinary shareholding of any Ordinary Shareholders who do not exercise a corresponding proportion of the Subscription Share Rights attaching to their Subscription Shares or who have sold their Subscription Shares. However, if a Shareholder continues to hold the Subscription Shares issued to him pursuant to the Bonus Issue and exercises his Subscription Share Rights before their expiry, that Shareholder's percentage interest in the ordinary share capital of the Company will not ultimately be reduced below his percentage interest in the ordinary share capital of the Company immediately prior to the Bonus Issue. If, as is likely, the NAV per Ordinary Share at the time of exercise of the Subscription Share Rights exceeds the applicable Subscription Price, the issue of the Ordinary Shares upon such exercise will also have a dilutive effect on the NAV per Ordinary Share. The extent of such dilution will depend on the number of Subscription Shares which are converted on each occasion and the difference between the applicable Subscription Price and the NAV per Ordinary Share prevailing at the time the new Ordinary Shares are issued pursuant to the exercise of the Subscription Share Rights.

#### *Rights of Subscription Shares on Liquidation*

In the event of the winding-up of the Company prior to the exercise of the Subscription Share Rights, Subscription Shareholders may receive a payment out of the assets which would otherwise be available for distribution amongst the Ordinary Shareholders.

### **Risks relating to the Subscription Shares**

#### *Unsuitability as short term investment*

Investment in the Subscription Shares may not be suitable as a short term investment. The value of a Subscription Share may go down as well as up.

### *Price volatility*

Subscription Shares represent a geared investment, so a relatively small movement in the market price of the Ordinary Shares may result in a disproportionately large movement, unfavourable or favourable, in the market price of the Subscription Shares. The market price of the Subscription Shares may therefore be volatile.

### *Realisable value*

The market price of the Subscription Shares will be determined by market forces (including the NAV and market price of an Ordinary Share) and there is no guarantee that they will have a positive market value. The published market price of the Subscription Shares will typically be their mid-market price. Due to the potential difference between the mid-market price of the Subscription Shares and the price at which Subscription Shares can be sold, there is no guarantee that the realisable value of the Subscription Shares will reflect their published market price.

In the case of any Subscription Shares whose Subscription Share Rights have not been exercised on or before the final date for exercising such rights, such Subscription Shares will cease to have any value unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would arise on the exercise of such rights after deduction of all the costs and expenses of sale would exceed the costs of exercise of such rights. In such circumstances, the trustee would either exercise all or some of the outstanding Subscription Share Rights and sell the Ordinary Shares issued on such exercise in the market, or, if it appears to the trustee that doing so is likely to raise greater net proceeds, it may accept any offer available to the Subscription Shareholders for the purchase of all or some of the outstanding Subscription Shares (or the Ordinary Shares resulting from the exercise of the Subscription Share Rights of those Subscription Shares). The net proceeds of any such sale (after deducting the costs of exercising the Subscription Share Rights, if applicable, and any other costs and expenses incurred in relation to such sale) will be remitted to the Subscription Shareholders unless the amount to which a Subscription Shareholder is entitled is less than £5 in which case such sum shall be retained for the benefit of the Company.

### *Liquidity*

The Subscription Shares will be listed on the standard segment of the Official List and therefore may appeal to different investors to the premium listed Ordinary Shares.

Although Subscription Shares are tradable securities, market liquidity of Subscription Shares may be less than the market liquidity of Ordinary Shares. It is possible that there may not be a liquid market in the Subscription Shares and investors may have difficulty in selling such securities.

### *Listing on standard segment*

The listing on the standard segment will afford shareholders a lower level of regulatory protection than a premium listing which is subject to additional obligations under the Listing Rules.

### *Suspension of trading*

The Company has applied for the Subscription Shares to be admitted to trading on the London Stock Exchange. The London Stock Exchange has the right to suspend or limit trading in a company's securities. Any suspension or limitation on trading in the Subscription Shares may affect the ability of Shareholders to realise their investments.

### *Ordinary Share risks*

The Subscription Shares, in so far as they give an entitlement to subscribe for Ordinary Shares, are affected by the same risk factors as the Ordinary Shares as set out in this section headed "Risks relating to the Ordinary Shares".

However, although the price of the Subscription Shares is linked to the price of the Ordinary Shares, the price of a Subscription Share may not follow that of an Ordinary Share because of other factors contributing to their respective prices, for example supply and demand. Further, the price of a Subscription Share is affected by factors that do not affect the Ordinary Share price, such as the remaining duration of the Subscription Share Rights.

## **Taxation Risks**

### *Change in tax status and legislation*

Any change in the Company's tax status, including a breach of the conditions set out in section 1158 of the Tax Act (or any secondary legislation made thereunder), could affect the Company's ability to provide returns to

Shareholders, or alter the post-tax returns to Shareholders. Any change in tax legislation could affect the market value of the investments held by the Company and/or affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.

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. **If you are in any doubt as to your tax position, you should consult an appropriate independent professional adviser.**

#### *FATCA*

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, EACH SHAREHOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US TAX ISSUES HEREIN IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A SHAREHOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH SHAREHOLDER UNDER APPLICABLE TAX LAW; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE BONUS ISSUE OF SUBSCRIPTION SHARES BY THE COMPANY; AND (C) A SHAREHOLDER IN ORDINARY SHARES SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISOR.

The Foreign Account Tax Compliance Act (commonly known as “**FATCA**”) is US legislation contained in the US Hiring Incentives to Restore Employment Act 2010. FATCA is aimed at reducing tax evasion by US citizens.

FATCA imposes a withholding tax of 30 per cent. on (i) certain US source interest, dividends and certain other types of income; and (ii) the gross proceeds from the sale or disposition of assets which produce US source interest or dividends (but this is not yet in force); and (iii) foreign passthru payments) but this requirement is not yet in force) which are received by a foreign financial institution (“**FFI**”), unless the FFI complies with certain reporting and other related obligations under FATCA. The UK has concluded an intergovernmental agreement (“**IGA**”) with the US, pursuant to which parts of FATCA have been effectively enacted into UK law.

Under the IGA, a FFI that is resident in the UK (a “**Reporting FI**”) is not subject to withholding under FATCA provided that it complies with the terms of the IGA, including requirements to register with the IRS and requirements to identify, and report certain information on, accounts held by US persons owning, directly or indirectly, an equity or debt interest in the Company (other than equity and debt interests that are regularly traded on an established securities market, for which see below), and report on accounts held by certain other persons or entities to HMRC. The Company expects that it will be treated as a Reporting FI pursuant to the IGA and that it will comply with the requirements under the IGA. The Company also expects that its Ordinary Shares and Subscription Shares may, in accordance with current HMRC practice, comply with the conditions set out in the IGA to be “regularly traded on an established securities market” meaning that the Company should not have to report specific information on its Shareholders and their investments to HMRC. However, there can be no assurance that the Company will be treated as a Reporting FI, that its Ordinary Shares and Subscription Shares will be considered to be “regularly traded on an established securities market” or that it would not in the future be subject to withholding tax under FATCA or the IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the IGA, the return on investment of some or all Shareholders may be materially adversely affected.

The UK has also concluded similar intergovernmental agreements (“**Additional IGAs**”) with other jurisdictions (including the Isle of Man, Guernsey and Jersey (the “**Crown Dependencies**”) and seven of the British Overseas Territories (Cayman Islands, Gibraltar, Montserrat, Bermuda, the Turks and Caicos Islands, the British Virgin Islands and Anguilla)). The Additional IGAs with the Crown Dependencies and Gibraltar may require the Company to report more widely on its Shareholders, although the Company expects that it may be able to benefit from a similar reporting exemption to that contained in the IGA and outlined above.

Other jurisdictions are also considering introducing FATCA-style legislation in order to obtain information about their respective tax residents. Again, these may require the Company to report more widely on its Shareholders but the exact scope of such rules will need to be determined on a jurisdiction by jurisdiction basis. FATCA, the IGA and the Additional IGAs are complex. The above description is based in part on regulations, official guidance, the IGA and the Additional IGAs, all of which are subject to change.

Shareholders subject to FATCA or FATCA-style legislation could therefore, be exposed to a withholding tax of 30 per cent. on dividends and other types of income received in respect of the Shares or on the gross proceeds

from the sale or disposition of such Shares and so all Shareholders should consult with their own tax advisors regarding the possible implications of such legislation on their investment in the Company.

#### *Alternative Investment Fund Managers Directive*

The Alternative Investment Fund Managers Directive (**AIFMD**), which was transposed by EU member states into national law on 22 July 2013 and in respect of which the United Kingdom opted to take the benefit of a 12 month transitional period which expired on 22 July 2014, seeks to regulate AIFMs and imposes obligations on AIFMs in the EU or who market shares in such funds to EU investors. In order to obtain authorisation under the AIFMD, an AIFM needs to comply with various organisational, operational and transparency obligations, which may create significant additional compliance costs, some of which may be passed to investors in the alternative investment funds (**AIF**) and may affect dividend returns.

The Company is an EU AIF for the purposes of the AIFMD and related regimes in relevant EU member states. The Company has appointed a third party, FISL, as its AIFM to provide portfolio management and risk management to the Company. As the AIFM, FISL has a liquidity management policy in relation to the Company which is intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to the Company's obligations. This policy involves an assessment by FISL of the prices or values at which it expects to be able to liquidate its assets over varying hypothetical periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors.

An AIF is required to have a depositary who is authorised to act as such. The Company's depositary is J.P. Morgan Europe Limited who have been approved by the Financial Conduct Authority to act as an AIF depositary.

Any regulatory changes arising from implementation of the AIFMD (or otherwise) that limit the Company's ability to market future issues of its shares may materially adversely affect the Company's ability to carry out its investment policy successfully and to achieve its investment objective, which in turn may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Ordinary Shares.

### **Legal and Regulatory Risks**

#### *General*

The Company must also comply with the provisions of the 2006 Act and, as its Shares are admitted to the Official List, of the Listing Rules. A breach of the 2006 Act could result in the Company and/or the Directors being fined or the subject of criminal proceedings. A breach of the Listing Rules could result in the Company's shares being suspended from listing, which in turn would breach section 1158 of the Tax Act. A breach of section 1158 of the Tax Act could result in the cessation of the Company's investment trust status and lead to the Company being subject to tax on capital gains, affecting the returns to Shareholders.

It appears that the Subscription Shares may be classified as 'complex products' under the recast Markets in Financial Instruments Directive (commonly referred to as MiFID II) which is currently set to take effect on 3 January 2018. If this is the case, it is likely to impact on the availability of the Subscription Shares (and the new Ordinary Shares that will be issued on exercise of Subscription Shares) for purchase by retail investors, particularly through platforms, and so potentially reduce liquidity in the Subscription Shares.

#### *Shares in public hands*

If Subscription Share Rights are exercised the number of Subscription Shares in issue will be reduced. This could lead to the outstanding Subscription Shares being concentrated in the hands of a small number of Subscription Shareholders over time. The continued listing on the Official List of each share class is dependent on at least 25% of the Shares in that class being held in public hands (as defined in the Listing Rules). This means that if more than 75% of the Shares in any class are held by, amongst others, the Directors, persons connected with the Directors, or persons interested in 5% or more of the relevant Shares, the listing of that class of Shares may be suspended or cancelled. The Listing Rules state that the UK Listing Authority may allow a reasonable period of time for the Company to restore the appropriate percentage if this rule is breached once the Shares are listed, unless this is precluded by the need to maintain the smooth operation of the market or to protect investors. If the listing were cancelled, the Company would lose its investment trust status. Having considered the current number of Ordinary Shareholders and the likely number of Subscription Shareholders following the Bonus Issue, the Company expects that the public hands test will be satisfied for the duration of the period in which the Subscription Share Rights are exercisable.

#### *Exchange Controls and Withholding Tax*

The Company may, from time to time, purchase investments that will subject the Company to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on such investments.

#### *Financial Statements*

The Company prepares its financial statements in accordance with the 2006 Act, UK GAAP and with the AIC Statement of Recommended Practice (SORP) for Investment Trust Companies and Venture Capital Trusts dated November 2014. UK GAAP, the SORP and the resulting accounting treatments are subject to change and this may affect the Company's calculation of NAV. Changes in the Company's accounting policies could also adversely affect Shareholders.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2016

Annual General Meeting	11.00 a.m. on 2 December
Record Date for the Bonus Issue	5.00 p.m. on 2 December
Subscription Price of Subscription Shares calculated	Close of business on 2 December
Announcement of the Subscription Price	5 December
Admission of the Subscription Shares to the Official List and dealings in the Subscription Shares commence	8.00 a.m. on 6 December
Crediting of CREST stock accounts in respect of the Subscription Shares	6 December
Share certificates despatched in respect of the Subscription Shares	Week commencing 19 December

### Notes:

- (1) The times and dates set out in the Expected Timetable of Principal Events above and mentioned throughout this Prospectus may be adjusted by the Company, in which event details of the new times and dates will be notified, as required, to the UK Listing Authority and the London Stock Exchange and, where appropriate, to Shareholders.
- (2) All references to time in this Prospectus are references to London time.

## DEALING CODES

The dealing codes for the Subscription Shares will be as follows:

ISIN	GB00BDQZJV55
SEDOL	BDQZJV5
Ticker	FASS

## IMPORTANT NOTICES

**An investment in the Company is only suitable for investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss (including total loss) which may result from the investment. A prospective investor should consider with care whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.**

**The prices of shares and the income derived from them can go down as well as up. Past performance is not necessarily a guide to the future.**

Shareholders should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Shareholders should inform themselves as to: (a) the legal requirements within their own countries for the holding, transfer or other disposal of Subscription Shares and the exercise of the Subscription Share Rights; (b) any foreign exchange restrictions applicable to the holding, transfer or other disposal of Subscription Shares and the exercise of the Subscription Share Rights which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the holding, transfer or other disposal of Subscription Shares or the exercise of the Subscription Share Rights. Shareholders must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Prospectus are based on the law and practice currently in force in England and Wales and are subject to changes therein.

### **Forward looking statements**

This Prospectus contains forward looking statements including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, Shareholders are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements apply only as at the date of this Prospectus. Subject to its legal and regulatory obligations (including under the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based unless required to do so by law or by any appropriate regulatory authority, including the FSMA, the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 5 of Part III of this Prospectus.

## DIRECTORS, MANAGER AND ADVISERS

Directors	Kate Bolsover ( <i>Chairman</i> ) Timothy Scholefield Philip Smiley Grahame Stott Michael Warren
	all of: Beech Gate Millfield Lane Lower Kingswood Tadworth Surrey KT20 6RP
Registered Office	Beech Gate Millfield Lane Lower Kingswood Tadworth Surrey KT20 6RP
Manager and Company Secretary	FIL Investments International Oakhill House 130 Tonbridge Road Hildenborough Kent TN11 9DZ
Broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
Legal Advisers to the Company	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Auditor	Ernst & Young LLP 25 Churchill Place London E14 5EY
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Custodian and Principal Banker	JPMorgan Chase Bank, NA (London Branch) 125 London Wall London EC2Y 5AJ

AIFM

FIL Investment Services (UK) Limited  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent  
TN11 9DZ

Depository

J.P. Morgan Europe Limited  
25 Bank Street  
Canary Wharf  
London  
E14 5JP

# PART I

## INFORMATION ON THE BONUS ISSUE

### Introduction

Implementation of the Bonus Issue requires amendments to the Articles to provide for the rights of the Subscription Shares and authority to be obtained to allot the Subscription Shares. The Bonus Issue is conditional on the passing of the Resolution to be proposed at the Annual General Meeting of the Company to be held on 2 December 2016 as set out in the accompanying Circular, as well as on the admission of the Subscription Shares to the standard segment of the Official List and to trading on the main market of the London Stock Exchange. Details of the Bonus Issue are set out below.

### The Bonus Issue

The Company is proposing to issue Subscription Shares to Qualifying Shareholders on the basis of one Subscription Share for every five Existing Ordinary Shares held on the Record Date, subject to the passing of the Resolution set out in the Notice of Annual General Meeting. The Subscription Shares will be issued by way of a bonus issue to Qualifying Shareholders and will be listed and tradable on the main market for listed securities of the London Stock Exchange. The ISIN of the Subscription Shares is GB00BDQZJV55 and the ticker is FASS.

Each Subscription Share will confer the right (but not the obligation) to subscribe for one Ordinary Share upon exercise of the Subscription Share Rights and on payment of the Subscription Price, as set out below.

The Subscription Share Rights may be exercised on an annual basis by notice to the Company in the 25 days preceding the last business day in November in 2017, 2018 and 2019, after which the Subscription Share Rights will lapse unless a trustee appointed by the Company determines that the net proceeds of sale of the Ordinary Shares that would arise on the exercise of such rights after deduction of all the costs and expenses of sale would exceed the costs of exercise of such rights. In such circumstances, the trustee would either exercise all or some of the outstanding Subscription Share Rights and sell the Ordinary Shares issued on such exercise in the market, or, if it appears to the trustee that doing so is likely to raise greater net proceeds, it may accept any offer available to the Subscription Shareholders for the purchase of all or some of the outstanding Subscription Shares (or the Ordinary Shares resulting from the exercise of the Subscription Share Rights of those Subscription Shares). The net proceeds of any such sale (after deducting the costs of exercising the Subscription Share Rights, if applicable, and any other costs and expenses incurred in relation to such sale) will be remitted to the Subscription Shareholders unless the amount to which a Subscription Shareholder is entitled is less than £5 in which case such sum shall be retained for the benefit of the Company.

The Ordinary Shares arising on exercise will be allotted within ten Business Days of the relevant Subscription Date. To be exercised, a notice of exercise must be received by the Registrars during such periods, and no later than 5.00p.m. on the relevant Subscription Date.

Qualifying Shareholders' entitlements will be assessed against the register of members on the Record Date, which is expected to be 5.00 p.m. on 2 December 2016.

Subscription Shares will rank equally with each other and will not carry the right to receive any dividends from the Company or the right to attend and vote at general meetings of the Company (although the holders of the Subscription Shares have the right to vote in certain circumstances where there is a variation of the rights attached to the Subscription Shares).

The Subscription Price will be equal to the published NAV per Ordinary Share as at 5.00 p.m. on 2 December 2016, plus a premium depending upon the year in which they are exercised, as follows:

<i>Subscription Date</i>	<i>Premium – Percentage of NAV</i>
Last Business Day in November 2017	1%
Last Business Day in November 2018	4%
Last Business Day in November 2019	7%

rounded up to the nearest quarter penny.

The NAV for the purpose of calculating the Subscription Price will be the unaudited value of the Company's assets calculated in accordance with the Company's accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their fair value (including the costs of the Bonus Issue).

The New Articles provide that the Subscription Price is subject to adjustment upon the occurrence of certain corporate events by or affecting the Company before the last business day in November 2019. The relevant corporate events include consolidations or sub-divisions of share capital, pre-emptive offers of securities to Ordinary Shareholders, takeover offers and the liquidation of the Company. Such adjustments serve to protect either the intrinsic value or the time value of the Subscription Shares or both.

The percentage premia applying upon exercise and the resulting Subscription Price reflect the Board's confidence in the Company's medium to long term prospects and its hope that holders of Subscription Shares will be able to exercise their Subscription Share Rights and acquire Ordinary Shares on favourable terms in the future.

It is expected that an announcement setting out the Subscription Price will be made on 5 December 2016. Fractions of Subscription Shares will not be allotted or issued and entitlements will be rounded down to the nearest whole number of Subscription Shares.

### **Advantages of the Bonus Issue**

The Directors believe that the Bonus Issue of Subscription Shares will have the following advantages:

- (a) Qualifying Shareholders will receive securities with a monetary value which may be traded in a similar fashion to their Existing Ordinary Shares or converted into Ordinary Shares;
- (b) on any exercise of the Subscription Share Rights, the capital base of the Company will increase, allowing operating costs to be spread across a larger number of Ordinary Shares, and this may cause the ongoing charges as a percentage of net assets to fall;
- (c) following the exercise of any Subscription Share Rights, the Company will have an increased number of Ordinary Shares in issue which may improve the liquidity in the market for its Ordinary Shares;
- (d) Qualifying Shareholders will receive securities which are qualifying investments for the purposes of an ISA and permitted investments for the purposes of a SIPP;
- (e) the Bonus Issue may broaden the Company's Shareholder base as the Subscription Shares are dispersed in the market, attracting new investors and improving liquidity for Shareholders; and
- (f) Subscription Shares should represent an attractive way for investors to participate in any future NAV growth of the Company through conversion into Ordinary Shares at a predetermined price.

### **Implementation of Bonus Issue**

Implementation of the Bonus Issue requires Shareholders to approve the Resolution to be proposed at the Annual General Meeting. If passed, the Resolution will:

- (a) approve the adoption of New Articles containing the rights attaching to the Subscription Shares;
- (b) authorise the Directors to allot the Subscription Shares pursuant to the Bonus Issue and Ordinary Shares pursuant to the Subscription Share Rights;
- (c) authorise the capitalisation of sums standing to the credit of the Company's share premium account, capital redemption reserve and any other applicable reserve in paying up the Subscription Shares to be issued pursuant to the Bonus Issue;
- (d) authorise the consolidation, sub-division or redemption of any share capital in connection with the exercise of the Subscription Share Rights so as to enable conversion of the Subscription Shares into Ordinary Shares in accordance with the Subscription Share Rights; and
- (e) authorise the repurchase of up to 14.99% of the number of Subscription Shares in issue immediately following Admission.

## **New Articles**

If the Resolution is approved, the New Articles will be adopted. The New Articles will set out the rights attaching to the Subscription Shares.

The New Articles will not otherwise vary from the existing Articles (other than minor clarificatory changes).

The New Articles will be on display at the registered office of the Company from the date of this Prospectus until the end of the Annual General Meeting and at the Annual General Meeting itself and at 25 Cannon Street, London EC4M 5TA for the duration of the meeting and for at least 15 minutes prior to the meeting.

## **Continuation Vote**

Under the Articles, the Company is required to propose a continuation vote as an ordinary resolution at every fifth AGM. If a continuation vote is not passed the Directors are required to convene a general meeting within three months, at which proposals for the winding up or other reconstruction of the Company would be considered.

The last continuation vote took place at the AGM held in 2011 and the next is due at the AGM on 2 December 2016, prior to the issue of the Subscription Shares. There would not therefore be any Subscription Share Rights outstanding at the time of the next continuation vote. The full rights attaching to the Subscription Shares are set out in Part IV of this Prospectus.

## **Admission and Dealings**

The Subscription Shares will be in registered form and may be issued either in certificated or uncertificated form. No temporary documents of title will be issued. Pending despatch of definitive certificates, transfers of Subscription Shares in certificated form will be certified against the Register. All documents or remittances sent by or to Shareholders will be sent through the post at the risk of the Shareholder.

Applications will be made to the UK Listing Authority for the Subscription Shares to be admitted to the standard segment of the Official List and to the London Stock Exchange for such shares to be admitted to trading on its market for listed securities. It is expected that Admission will occur, and that dealings will commence, on 6 December 2016. On Admission, the Subscription Shares will confer rights to subscribe for new Ordinary Shares representing, in aggregate, up to 20% of the then issued ordinary share capital of the Company.

The Ordinary Shares resulting from the exercise of the Subscription Share Rights 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 Ordinary Shares).

## **Overseas Shareholders**

The issue of the Subscription Shares to persons who have a registered or mailing address in countries outside the EEA may be affected by the law or regulatory requirements of the relevant jurisdiction.

The Subscription Shares to be issued under the Bonus Issue are not being issued to Overseas Shareholders. The Board will allot any Subscription Shares due under the Bonus Issue to Overseas Shareholders to a market maker who will sell such Subscription Shares promptly at the best price obtainable. The proceeds of sale will be paid to the Overseas Shareholders entitled to them save that entitlements of less than £5 per Overseas Shareholder will be retained by the Company for its own account.

Notwithstanding any other provision of this Prospectus the Company reserves the right to permit any Overseas Shareholder to take up Subscription Shares under the Bonus Issue if the Company, in its sole and absolute discretion, is satisfied at any time prior to the Annual General Meeting that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who believe that they are entitled to take up Subscription Shares under the Bonus Issue should contact the Company as soon as possible to discuss the matter.

Any Shareholder who is in any doubt as to his position should consult an appropriate independent professional adviser without delay.

## **Taxation**

The attention of Shareholders is drawn to the summary of United Kingdom tax matters set out in paragraph 12 of Part V of the Prospectus.

Shareholders should note that the Subscription Shares are qualifying investments for an ISA and will constitute permitted investments for the purposes of a SIPP. The exercise of Subscription Share Rights may affect the annual subscription limit available for further investment into an ISA in the relevant year. Shareholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional adviser.

## **Costs of the Bonus Issue**

The Company's expenses in connection with the Bonus Issue are estimated to amount to approximately £211,500 (inclusive of VAT). These expenses will be borne by the Company and have been taken into account when calculating the Subscription Price.

## **Net Proceeds from Subscription Shares**

Although there can be no certainty as to whether any or all of the Subscription Share Rights will be exercised, if the Bonus Issue proceeds and all of the Subscription Share Rights are exercised, the net proceeds that could arise on such exercise would be between approximately £53.7 million (with a 1% premium to NAV) and £56.9 million (with a 7% premium to NAV), based on a NAV of 393.55 pence on 21 October 2016 (being the latest practicable date prior to the publication of this Prospectus) and assuming 13,497,642 Subscription Shares are issued pursuant to the Bonus Issue. It should be noted, however, that the Subscription Price will be calculated as at the Record Date and therefore the above figures are illustrative only.

## **ISAs/SIPPs**

The Subscription Shares will be a qualifying investment for an ISA and shall constitute permitted investments for SIPPs, including qualifying to be held through the Fidelity Platform. The Subscription Shares acquired pursuant to the Bonus Issue are expected to be eligible for inclusion in SIPPs and SSASs, although this should be confirmed independently by Shareholders with their professional tax or financial advisers after taking into account the rules of their scheme.

**If you are in any doubt as to the action you should take, you should immediately consult an independent financial adviser authorised under FSMA.**

## **Annual General Meeting**

Alongside this Prospectus, a Circular and a Form of Proxy and/or Voting Instruction Form(s) for use at the Annual General Meeting will be sent to Shareholders.

Whether or not you intend to be present at the Annual General Meeting in person, it is important that you complete and return the Form of Proxy and/or Voting Instruction.

Please read the Circular for further details on attending and voting at the Annual General Meeting.

## PART II

### INFORMATION ON THE COMPANY

#### **Introduction**

The Company is a UK investment trust, which was established on 2 April 1996. The Company is a member of the AIC.

The Company's objective is to achieve long term capital growth principally from the stockmarkets of the Asian region excluding Japan.

As at 21 October 2016 (being the latest practicable date prior to the publication of this Prospectus), the Company had net assets of £265.6 million and the unaudited NAV per Ordinary Share was 393.55 pence.

#### **Investment Policy**

The Company seeks to meet its investment objective through investment in a diversified portfolio of securities and instruments issued by or related to companies listed on the stockmarkets in the Asian Region excluding Japan but investments may be made in companies listed elsewhere, which in the opinion of the Portfolio Manager, have significant interests in the Asian region, excluding Japan.

In order to diversify the Company's portfolio, the Board has set broad guidelines for the Manager which the Board reserves the right to amend as it sees fit, in respect of the country weightings of the portfolio. The Company may invest directly in the shares of companies or directly through equity related instruments (such as derivative contracts, warrants or convertible bonds) and in debt instruments. The Company may also invest in unquoted securities and in other investment funds, subject to the investment restrictions set out below.

The Company will invest and manage its assets with an objective of spreading risk with the following investment restrictions:

- no single or aggregate investment in any one company or other investment entity shall represent more than 10 per cent. of the Company's Gross Assets, measured at the time of any investment.
- up to 5 per cent. of its Gross Assets measured at the time of investment in securities which are not listed on any stock exchange. However the Portfolio Manager will not normally make any such investment, except where it is expected that the securities will become listed on a stock exchange in the foreseeable future.
- up to 15 per cent. of its Gross Assets at the time of investment in other investment funds (whether listed or unlisted) where such funds offer the only practicable means of gaining exposure to a particular market in the Asian region, excluding Japan and within that limit, no more than 10 per cent. at the time of investment of the Company's Gross Assets may be invested in funds that do not have stated policies to invest more than 15 per cent. of their Gross Assets in other listed closed-ended funds.
- up to 5 per cent. of its Gross Assets measured at the time of investment in securities which are not listed or domiciled in the Asian Region, provided the investments have a strong Asian Region rationale.

The Company is permitted to invest in Non-Voting Depository Receipts, American Depository Receipts, Global Depository Receipts and Equity Linked Notes. Any such investment will be included in the relevant aggregate country weighting.

The Company is not expected to undertake any foreign currency hedging of its portfolio, but reserves the right to do so.

The Company may utilise derivative instruments, including index-linked notes, futures, contracts for differences ("CFDs"), call options (including covered calls), put options and other equity related derivative instruments to meet the investment objectives of the Company. Derivatives usage will focus on, but will not be limited to the following investment strategies:

- as an alternative form of gearing to bank loans. The Company would enter into long CFDs which would achieve an equivalent effect to buying an asset financed by bank borrowing but often at lower financing costs.

- To hedge equity market risks where suitable protection can be purchased to limit the downside of a falling market at a reasonable costs.
- To enhance the investment returns by taking short exposures on stocks that the Investment Manager considers to be over-valued.

The Board has created strict policies and exposure limits and sub-limits to manage derivatives.

Derivative use is limited in terms of the value of the total portfolio to which the investor (i.e. the Company) is exposed, whether through direct or indirect investment (including through derivatives). The board adopts the policy that:

- Net Market Exposure will not exceed the NAV of the Company by more than 30 per cent.; and
- Gross Asset Exposure will not exceed the NAV of the Company by more than 40 per cent.

It is the current intention of the Board that, in normal market circumstances the Portfolio Manager will maintain Net Market Exposure in the range of 90 per cent. to 115 per cent.

The sum of all short exposures of the Company under derivatives, excluding hedges, will not exceed 10 per cent. of the total net assets.

It should be stressed that the majority of the Company's exposure to equities will be through direct investment, not through derivatives. In addition, the limits on exposure to individual companies and groups will be calculated after translating all derivative exposures into economically equivalent amounts of the underlying assets.

### Investment Portfolio

Unless otherwise indicated, the information as set out above is unaudited and has been extracted from internal management accounts maintained by the Company.

As at the close of business on 21 October 2016 (being the latest practicable date prior to the publication of this Prospectus) the Company's portfolio was as follows:

Financial Instrument	Gross Asset Exposure		Fair Value
	£'000	%	£'000
Shares and equity linked notes	257,055	96.6	257,055
Covered call options reducing the above exposure	(1,710)	(0.6)	(163)
Written put options	1,999	0.8	(301)
Long CFDs	2,735	1.0	776
<b>Total long exposures before the netting of Index hedges</b>	<b>260,079</b>	<b>97.8</b>	<b>257,367</b>
Index hedges	(5,956)	(2.2)	916
<b>Total long exposures after the netting of Index hedges</b>	<b>254,123</b>	<b>95.6</b>	<b>258,283</b>
Total short exposures	8,662	3.3	(729)
<b>Total Gross Asset Exposure/Portfolio Fair Value</b>	<b>262,785</b>	<b>98.9</b>	<b>257,554</b>

Security	Country	Sector	Gross Asset Exposure		Fair Value
			£'000	% <sup>1</sup>	£'000
Power Grid Corp of India	India	Utilities	9,553	3.6	9,553
Tisco Financial Group	Thailand	Financials	7,915	3.0	7,915
Cognizant Technology Solutions (shares and written put options)	United States	Information Technology	7,149	2.7	4,849
Taiwan Semiconductor Manufacturing (shares and long CFD)	Taiwan	Information Technology	6,841	2.6	4,882

Security	Country	Sector	Gross Asset Exposure		Fair Value
			£'000	% <sup>1</sup>	£'000
WPG Holdings	SingaporeTaiwan	Information Technology	5,894	2.2	5,894
Housing Development Finance	India	Financials	5,893	2.2	5,893
RHT Health Trust	Singapore	Health Care	5,700	2.1	5,700
LT Group	Philippines	Industrials	5,671	2.1	5,671
Ascendas India Trust	Singapore	Real Estate	5,574	2.1	5,574
International Housewares Retail	Hong Kong	Consumer Services	4,622	1.7	4,622
SK Hynix	South Korea	Information Technology	4,603	1.7	4,603
Philippine Seven	Philippines	Consumer Staples	4,079	1.5	4,079
G8 Education	Australia	Consumer Services	4,049	1.5	4,049
WT Microelectronics	Taiwan	Information Technology	4,045	1.5	4,045
HDFC Bank	India	Financials	3,849	1.4	3,849
Zhaopin	China	Industrials	3,404	1.3	3,404
Essel Propack	India	Materials	3,333	1.3	3,333
Padini Holdings	Malaysia	Consumer Services	3,262	1.2	3,262
Infosys	India	Information Technology	3,247	1.2	3,247
Stella International Holdings	Hong Kong	Consumer Services	3,040	1.1	3,040
Convenience Retail Asia	Hong Kong	Consumer Staples	2,995	1.1	2,995
Supalai	Thailand	Real Estate	2,847	1.1	2,847
Mapletree Commercial Trust	Singapore	Real Estate	2,544	1.0	2,544
Anhui Expressway	China	Industrials	2,486	0.9	2,486
Clinuvel Pharmaceuticals	Australia	Health Care	2,479	0.9	2,479
V-Mart Retail	India	Consumer Services	2,387	0.9	2,387
Korea Electric Power	South Korea	Utilities	2,359	0.9	2,359
Ciputra Property	Indonesia	Real Estate	2,327	0.9	2,327
New Oriental Education & Technology Group (shares net of covered call options)	China	Services	2,281	0.9	3,559
LPN Development	Thailand	Real Estate	2,263	0.9	2,263
Luen Thai Holdings	Hong Kong	Consumer Services	2,219	0.8	2,219
Pepsi-Cola Products Philippines	Philippines	Consumer Staples	2,180	0.8	2,180
Tech Mahindra	India	Information Technology	2,155	0.8	2,155
Weifu High-Technology Group (equity linked notes)	China	Industrials	2,105	0.8	2,105
Samsonite International (shares net of covered call options)	Hong Kong	Consumer Services	2,078	0.8	2,347
Oberoi Realty	India	Real Estate	2,077	0.8	2,077
Redington India	India	Information Technology	2,048	0.8	2,048
Chaowei Power Holdings	China	Consumer Services	2,008	0.8	2,008
Tempo Scan Pacific	Indonesia	Health Care	1,929	0.7	1,929
Mphasis	India	Information Technology	1,867	0.7	1,867
CSI Properties	Hong Kong	Real Estate	1,813	0.7	1,813

Security	Country	Sector	Gross Asset Exposure		Fair Value
			£'000	% <sup>1</sup>	£'000
Mangalam Cement	India	Materials	1,799	0.7	1,799
Premier Marketing	Thailand	Consumer Staples	1,774	0.7	1,774
Techtronic Industries	Hong Kong	Consumer Services	1,769	0.7	1,769
Playmates Toys	Hong Kong	Consumer Services	1,763	0.7	1,763
Changshouhua Food	China	Consumer Staples	1,751	0.7	1,751
Dream International	Hong Kong	Consumer Services	1,704	0.6	1,704
Cleanaway	Taiwan	Industrials	1,678	0.6	1,678
Asics Corp	Japan	Consumer Services	1,667	0.6	1,667
Programmed Maintenance Services	Australia	Industrials	1,649	0.6	1,649
51Job	China	Industrials	1,618	0.6	1,618
Xtep International Holdings	China	Consumer Services	1,587	0.6	1,587
Wah Lee Industrial	Taiwan	Information Technology	1,558	0.6	1,558
Astra Graphia	Indonesia	Industrials	1,551	0.6	1,551
Gujarat State Petronet	India	Utilities	1,551	0.6	1,551
Hyundai Marine & Fire Insurance	South Korea	Financials	1,505	0.6	1,505
RFM	Philippines	Consumer Staples	1,503	0.6	1,503
Career Point	India	Consumer Services	1,475	0.6	1,475
KPIT Technologies	India	Information Technology	1,441	0.5	1,441
Welling Holding	China	Industrials	1,441	0.5	1,441
Pou Sheng International Holdings	China	Consumer Services	1,436	0.5	1,436
Capital Securities	Taiwan	Financials	1,430	0.5	1,430
Primax Electronics	Taiwan	Information Technology	1,400	0.5	1,400
BFI Finance Indonesia	Indonesia	Financials	1,394	0.5	1,394
Lion Brewery Ceylon	Sri Lanka	Consumer Staples	1,380	0.5	1,380
Yowie Group	Australia	Staples	1,379	0.5	1,379
Sinotrans	China	Industrials	1,357	0.5	1,357
AMVIG Holdings	China	Materials	1,350	0.5	1,350
Makalot Industrial	Taiwan	Consumer Services	1,349	0.5	1,349
Luk Fook Holdings International	Hong Kong	Consumer Services	1,346	0.5	1,346
Mindtree	India	Information Technology	1,338	0.5	1,338
Embry Holdings	China	Consumer Services	1,310	0.5	1,310
Kathmandu Holdings	Australia	Consumer Services	1,310	0.5	1,310
Shinhan Financial Group	South Korea	Financials	1,296	0.5	1,296
Gudang Garam	Indonesia	Consumer Staples	1,281	0.5	1,281
Zhejiang Supor Cookware	China	Consumer Services	1,268	0.5	1,268
Cooper Energy	Australia	Energy	1,257	0.5	1,257
VTech Holdings	Hong Kong	Information Technology	1,246	0.5	1,246
Delta Corp	India	Consumer Services	1,239	0.5	1,239
Kyungdong Pharm	South Korea	Health Care	1,232	0.5	1,232
Muthoot Finance	India	Financials	1,228	0.5	1,228
KT & G	South Korea	Consumer Staples	1,192	0.4	1,192
Lung Yen Life Service	Taiwan	Consumer Services	1,186	0.4	1,186
SBS Transit	Singapore	Industrials	1,186	0.4	1,186

Security	Country	Sector	Gross Asset Exposure		Fair Value
			£'000	% <sup>1</sup>	£'000
Hana Microelectronics	Thailand	Information Technology	1,178	0.4	1,178
InterOil	Canada	Energy	1,171	0.4	1,171
ImpediMed	Australia	Health Care	1,153	0.4	1,153
First Resources	Indonesia	Consumer Staples	1,150	0.4	1,150
Fortis Healthcare	India	Health Care	1,134	0.4	1,134
Gulf Marine Services	Great Britain	Energy	1,041	0.4	1,041
Korean Reinsurance	South Korea	Financials	1,011	0.4	1,011
Nanosonics	Australia	Health Care	1,008	0.4	1,008
Nestle Lanka	Sri Lanka	Staples	1,001	0.4	1,001
Creative Sensor	Taiwan	Information Technology	988	0.4	988
GS Home Shopping	South Korea	Consumer Services	987	0.4	987
Asaleo Care	Australia	Consumer Staples	951	0.4	951
Geumhwa PSC	South Korea	Industrials	940	0.4	940
Life Healthcare Group Holdings	Australia	Health Care	935	0.4	935
West China Cement	China	Materials	928	0.3	928
Shemaroo Entertainment	India	Consumer Services	916	0.3	916
Emperor Watch & Jewellery	Hong Kong	Consumer Services	900	0.3	900
Pacific Textile Holdings	Hong Kong	Consumer Services	892	0.3	892
Astra Otoparts	Indonesia	Consumer Services	891	0.3	891
Daelim Industrial	South Korea	Industrials	883	0.3	883
Valuetronics Holdings	Hong Kong	Information Technology	876	0.3	876
SomnoMed	Australia	Health Care	842	0.3	842
Teejay Lanka	Sri Lanka	Consumer Services	833	0.3	833
Land & General	Malaysia	Real Estate	805	0.3	805
Shriram City Union Finance	India	Financials	800	0.3	800
China Foods	China	Consumer Staples	793	0.3	793
British American Tobacco Malaysia	Malaysia	Consumer Staples	792	0.3	792
Kindom Construction	Taiwan	Real Estate	784	0.3	784
Le Saunda Holdings	China	Consumer Services	781	0.3	781
Best Pacific International Holdings	China	Consumer Services	780	0.3	780
Chorus New Zealand	New Zealand	Telecommunication Services	765	0.3	765
CSE Global	Singapore	Information Technology	750	0.3	750
Mitra Adiperkasa	Indonesia	Consumer Services	748	0.3	748
Hyundai Hy Communications & Network	South Korea	Consumer Services	732	0.3	732
Intai Technology	Taiwan	Health Care	712	0.3	712
Texwinca Holdings	Hong Kong	Consumer Services	711	0.3	711
Guangdong Investment	China	Utilities	710	0.3	710
Youngone	South Korea	Consumer Services	701	0.3	701
Esprit Holdings	Hong Kong	Consumer Services	700	0.3	700
Lumax Auto Technologies	India	Consumer Services	700	0.3	700
United Phosphorus	India	Materials	689	0.3	689
Vale Indonesia	Indonesia	Materials	685	0.3	685

Security	Country	Sector	Gross Asset Exposure		Fair Value
			£'000	% <sup>1</sup>	£'000
NIIT Technologies	India	Information Technology	667	0.3	667
Sebang Global Battery	South Korea	Consumer Services	667	0.3	667
Chevron Lubricants Lanka	Sri Lanka	Materials	654	0.2	654
FAR	Australia	Energy	640	0.2	640
Yuexiu Transport Infrastructure	China	Industrials	634	0.3	634
Berkeley Energia	Australia	Energy	632	0.2	632
Selamat Sempurna	Indonesia	Consumer Services	607	0.2	607
Magnificent Hotel Investment	Hong Kong	Consumer Services	605	0.2	605
Korea Ratings	South Korea	Financials	601	0.2	601
Jindal Steel & Power	India	Materials	590	0.2	590
Clipan Finance Indonesia	Indonesia	Financials	560	0.2	560
Tiphone Mobile Indonesia	Indonesia	Consumer Services	546	0.2	546
Delfi	Singapore	Consumer Staples	540	0.2	540
McMillan Shakespeare	Australia	Industrials	531	0.2	531
Beijing Yanjing Brewery	China	Consumer Staples	511	0.2	511
JHL Biotech	Taiwan	Health Care	492	0.2	492
Jubilee Enterprise	Thailand	Consumer Services	491	0.2	491
Hansae	South Korea	Consumer Services	490	0.2	490
13 Holdings	Hong Kong	Industrials	344	0.1	344
Hock Lian Seng Holdings Updater	Singapore	Industrials	263	0.1	263
	United States	Information Technology	222	0.1	222
Carlsberg Brewery Malaysia	Malaysia	Consumer Staples	217	0.1	217
Mangalore Refinery & Petrochemicals	India	Energy	200	0.1	200
Memtech International	Singapore	Information Technology	117	–	117
Golden Friends	Taiwan	Industrials	104	–	104
Ceylon Cold Stores	Sri Lanka	Consumer Staples	47	–	47
Kirloskar Oil Engines	India	Industrials	16	–	16
<b>Total long exposures before netting Index hedges</b> (153 holdings)			<b>260,079</b>	<b>97.8</b>	<b>257,367</b>
Hang Seng Index put option	Hong Kong		(3,251)	(1.2)	700
KOSPI 200 Index put option	South Korea		(1,459)	(0.5)	87
KOSPI 200 Index put option	South Korea		(1,246)	(0.5)	129
<b>Total Index hedges</b>			<b>(5,956)</b>	<b>(2.2)</b>	<b>916</b>
<b>Total long exposures after the netting of Index hedges</b>			<b>254,123</b>	<b>95.6</b>	<b>258,283</b>
Total short exposures (10 short CFDs)			8,662	3.3	(729)
<b>Gross Asset Exposure</b>			<b>262,785</b>	<b>98.9</b>	
<b>Portfolio Fair Value</b>					<b>257,554</b>
Net current assets (excluding derivative assets and liabilities)					8,045
<b>Total Shareholders' Funds</b>					<b>265,599</b>

<sup>1</sup> Gross Asset Exposure is expressed as a percentage of Total Shareholders' Funds

## Geographical breakdown of the Portfolio

<i>Country</i>	<i>Gross Asset Exposure as at 21 October 2016 %<sup>1</sup></i>
India	19.7
China	13.3
Taiwan	10.9
Hong Kong	10.4
Australia	7.1
South Korea	6.6
Thailand	6.5
Singapore	6.3
Indonesia	5.1
Philippines	5.1
United States	2.8
Malaysia	1.9
Sri Lanka	1.5
Japan	0.6
Canada	0.4
UK	0.4
New Zealand	0.3
<b>Total</b>	<b>98.9</b>

<sup>1</sup> Gross Asset Exposure is expressed as a percentage of Total Shareholders' Funds

## Geographical breakdown of the Portfolio

<i>Sector</i>	<i>Gross Asset Exposure as at 21 October 2016 %<sup>2</sup></i>
Consumer Services	23.0
Information Technology	18.5
Industrials	10.6
Financials	10.5
Consumer Staples	9.4
Real Estate	8.3
Health Care	6.5
Utilities	5.8
Materials	4.1
Energy	1.9
Telecommunication Services	0.3
<b>Total</b>	<b>98.9</b>

<sup>2</sup> Gross Asset Exposure is expressed as a percentage of Total Shareholders' Funds

## Currency breakdown of the Portfolio

<i>Currency</i>	<i>Gross Asset Exposure as at 21 October 2016 %<sup>3</sup></i>
Indian rupee	19.7
Hong Kong dollar	19.2
Taiwan dollar	10.7
US dollar	7.5
Australian dollar	7.2
Singapore dollar	7.0
South Korea won	6.2
Thai baht	6.2
Philippine peso	5.1
Indonesian rupiah	4.7
Malaysian ringgit	1.9
Sri Lanka rupee	1.5
Chinese renminbi	0.7
Japanese yen	0.6
UK sterling	0.4
New Zealand dollar	0.3
	<b>98.9</b>

<sup>3</sup> Gross Asset Exposure is expressed as a percentage of Total Shareholders' Funds

## Performance

Given the identification of the Company's objective and strategy, the Board has identified key performance indicators against which performance can be measured, as detailed below:

	<i>Year ended 31 July 2016</i>	<i>3 Years ended 31 July 2016</i>	<i>5 Years ended 31 July 2016</i>
NAV Total Return (undiluted) %	+33.8	+55.4	+57.8
Share Price Total Return %	+33.3	+55.9	+59.2
Comparative Index*	+15.8	+22.4	+28.1
Discount of share price to NAV per share %	11.1	12.5	9.9

\* Since 1 August 2015, the Company's Comparative Index has been the MSCI All Countries Asia ex Japan (net) in Sterling terms. Prior to that date it was the MSCI All Countries Far East ex Japan Index (net) in Sterling terms.

## Investment Outlook

Asia remains very attractive on a number of measures versus the developed world – be it from a fundamental perspective or from a valuation view point. Domestic-driven countries, such as India, Indonesia and the Philippines, will be better-placed because of their lower exposure to the UK and Europe. Their higher growth rates and ongoing reforms will make them attractive to investors in a low-growth world. In India, a stable and business-friendly government continues to focus on improving economic fundamentals and boost growth in the medium term. The introduction of major tax reforms are likely to boost efficiencies, lower the cost of business and potentially transform the country's manufacturing base with expected productivity gains. A focus on reforms, infrastructure development and investment supports the corporate earnings outlook for Indonesia. The Philippines is also benefitting from a new leadership that seems to be pro-growth and pro-reforms.

Given that Asia has more than 17,000 listed companies, the opportunity to find hidden gems is immense. The Company will continue to focus on finding attractive long term investment opportunities across the region based on strong fundamental research.

## **Gearing**

As set out in the Investment Policy (see above), the Company's policy is to be geared in the belief that long-term investment returns will exceed the cost of gearing. This may be done by (a) entering into CFDs, the effect of which are to provide exposure on a geared basis to certain Asian equities selected by the Manager and/or (b) the use of bank borrowings. The Board and Manager believe the use of CFDs typically to be a more cost-effective and flexible course of action than traditional bank finance.

### *(a) CFDs*

The Company enters into long CFDs with counterparties in order to obtain geared exposure to certain Asian equities selected by the Manager, and thus utilises CFDs for investment purposes.

The counterparty will purchase the relevant stocks (or exposure to them) in the market onto its own balance sheet and hold the stocks (or exposure) to cover its exposure to the Company for the period that the Company holds the relevant CFDs. The counterparty is obliged to pay the Company to the extent the market price of the securities rises, as well as to pay a sum equal to any dividend income. The Company is obliged to pay the counterparty to the extent the market price falls. The Company does not actually purchase the underlying securities, but is exposed to any movement in the price.

The counterparty also charges the Company a daily funding charge, based on the initial market price of the securities that are the subject of the CFD. The effect is to give the Company an exposure to the securities on a geared basis, in effect as if the counterparty had lent the Company the money necessary for the Company to acquire the securities and the Company had acquired them.

The net balance payable between the counterparty (on all CFDs) and the Company is calculated on a daily basis and represents the unrealised profit or loss on the outstanding CFDs, with the net balance payable by one counterparty to the other covered by an adjustment to collateral, so that collateral equal to the outstanding balance has been posted (although no collateral adjustment is made where the balance is less than US\$1 million).

The Company gears through the use of long CFDs in accordance with, and within the limits set out in, its Investment Policy. The limits on exposure to individual companies and groups are calculated as if the Company had acquired the underlying securities to which any CFD is providing exposure (i.e. on a total exposure basis).

The risk and performance contribution of long CFDs to the Company's portfolio is overseen by the Manager's specialist derivative instruments team, which draws on over forty years of specialist experience in derivative risk management. This team uses portfolio risk assessment tools to advise the Manager on portfolio construction and provides the Board with regular reports in order for the Board to consider the usage, the performance and risk profile of these instruments within their pre-determined exposure limits.

As at 21 October 2016 (being the latest practicable date prior to the publication of this Prospectus), the Company had entered into long CFDs with a Gross Asset Exposure Value of £2,735,000.

### *(b) Bank Borrowings*

The Company does not currently use bank borrowings for gearing purposes.

## **Dividend Policy**

As an investment trust, the Company is required by the provisions of Chapter 24 of Part 24 of the Tax Act to retain no more than 15% of all income in any reporting year (except that the Company may retain a higher percentage of all income if the Company has accumulated revenue losses brought forward from previous accounting periods or if the Company is required to retain an additional amount of income by law). The Company currently only pays dividends out of revenue reserves.

## **AIFMD**

The AIFMD, which was transposed into EU member states national law on 22 July 2013, aims to provide a harmonised and stringent regulatory and supervisory framework for the activities of AIFMs. The United Kingdom took advantage of transitional provisions until 22 July 2014 which permitted existing arrangements to continue for an additional year.

The AIFMD lays down requirements regarding the manner in which AIFMs should manage the AIFs for which they are responsible. For AIFs like the Company, the AIFMD requires that a depositary is appointed with

responsibility for oversight, cash monitoring and safekeeping of assets. In order to comply with the requirements of the AIFMD, the Board appointed FISL as the AIFM with effect from 22 July 2014. As AIFM, FISL is responsible for the portfolio management and risk management of the Company. It delegates portfolio management back to the Manager, FIL Investment International.

The Board has appointed J.P. Morgan Europe Limited as the depositary to the Company. As the depositary, J.P. Morgan Europe Limited is responsible for oversight, cash monitoring and safekeeping of assets. It has delegated the custody to JPMorgan Chase Bank, NA, the current custodian to the Company.

## MANAGEMENT OF THE COMPANY

### *The Board*

The Directors are responsible for determining the Company's Investment Policy and have overall responsibility for the Company's activities.

The Board consists of five non-executive Directors, all of whom are considered to be independent of the Manager, including the Chairman.

The Directors of the Company are as follows:

***Kate Bolsover (Chairman)*** Appointed as Director 1 January 2010, appointed as Chairman on 9 December 2014. A non-executive Director of Montanaro UK Smaller Companies Investment Trust PLC. She is also Chairman of Tomorrow's People Trust Limited and a director of a number of affiliated companies. She worked for Cazenove Group PLC and J.P. Morgan Cazenove between 1995 and 2005 where she was managing director of the mutual fund business, and latterly director of Corporate Communications. Prior to this, her work involved business development and mutual funds experience covering countries in the Far East. She was also formerly a non-executive director JPMorgan American Investment Trust PLC.

***Timothy Scholefield*** Appointed as Director 30 September 2015. A non-executive Director of F&C Capital and Income Investment Trust PLC. He has had over twenty-five years' experience in investment management, latterly as Head of Equities at Baring Asset Management until April 2014. Prior to Baring, he was Head of International Equities at Scottish Widow Investment Partnership Limited. He spent 15 years at Royal & Sun Alliance Investments and rose to the position of Head of Worldwide Equities.

***Philip Smiley (Senior Independent Director)*** Appointed as Director 1 January 2010, appointed as Senior Independent Director 30 November 2015. He is a Director of the Arisaig India Fund and the Endowment Fund SPC. He is also Chairman of the PXP Vietnam Emerging Equity Fund Limited and Chairman of the Advisory Board of the Emerging Beachfront Land Investment Fund G.P. Limited. He has 31 years of experience of working in the Asia Pacific region, including several years with the Hong Kong Government (Civil Service Branch and then Economic Services Branch) followed by five years with the W.I. Carr Group, latterly as Managing Director of W.I. Carr (Far East) Limited in Hong Kong and group director of finance in London. Between 1991 and 2001 he served as managing director and country head of Jardine Fleming in Korea, where he was also elected Chairman of the British Chamber of Commerce, and then in Singapore, where he was appointed to the Stock Exchange Review Committee. From 2001 to 2005 he was group country chairman of Jardine Matheson in Thailand and Indochina.

***Grahame Stott (Chairman of the Audit Committee)*** Appointed as Director and as Chairman of the Audit Committee 24 September 2013. Grahame is a qualified actuary with considerable consultancy experience and insight into the intermediary market. He spent 20 years at Watson Wyatt in Hong Kong, during which time he became the regional director for 12 countries across Asia Pacific. He also served as the head of Watson Wyatt's Global Investment Consulting Business. His background is in working with fast growing listed companies. He is a non-executive Director and Chairman of the Audit Committee of China Motor Bus Company Limited.

***Michael Warren*** Appointed as Director 29 September 2014. Michael is a non-executive Director of Carrington Investments and Liontrust Panthera Fund Limited. He is also a Quoted Operating Partner of LivingBridge VC LLP and a past non-executive director of Alquity Investment Management Ltd and Vindependents Ltd. He worked for Thames River Capital from 2007 until 2012 as Investment Director. Prior to that he worked at HSBC Investments, where he was responsible for Institutional and Retail distribution, and before that Deutsche Asset Management, where he was a main board member. Latterly, he has served as managing director of the UK mutual fund business, DWS.

All the Directors are non-executive and serve as members of the Management Engagement Committee, the Nominations Committee and the Audit Committee.

### ***The AIFM***

FIL Investment Services (UK) Limited (**FISL**) is appointed as the AIFM to the Company. FISL is a company incorporated in England and Wales on 2 May 1986 as a private company with registered number 2016555 and is part of the same group of companies as the Manager (as FIL Limited is the ultimate parent undertaking of both FISL and the Manager).

The AIFM is responsible for the portfolio management of the Company and all company secretarial, accounting and administrative services. FISL has delegated portfolio management and company secretarial, accounting and administrative services back to the Manager.

### ***The Manager***

The Company is managed by FIL Investments International, a company incorporated in England and Wales on 13 September 1979 as a private company with registered number 01448245. The Manager is part of the FIL Limited group of companies, which as at 30 September 2016 had total assets under management exceeding £223.4 billion.

Nitin Bajaj has been the Company's Portfolio Manager since 1 April 2015. He has over 17 years of investment experience and is also the Portfolio Manager for the Fidelity Asian Smaller Companies Fund. Nitin joined Fidelity in 2003 as an Investment Analyst in London. He moved to India in 2009 to take over the Fidelity India Special Situation Fund and subsequently started the Fidelity India Value Fund. Nitin managed these funds until November 2012, when Fidelity decided to sell its India Business. He moved to Singapore in 2013 to manage the Fidelity Asian Smaller Companies Fund. Nitin holds a Bachelor of Commerce from the University of Delhi, India and an MBA from INSEAD. He is also a Chartered Accountant.

### **Depository and Custody Arrangements**

The Company has appointed J.P. Morgan Europe Limited (the **Depository**) to act as depository to the Company. Under the Depository Agreement, the Depository has strict liability in relation to financial instruments and is liable for negligence and wilful default. The Depository is able to delegate safekeeping to another person provided it follows the requirements of the UK AIFMD Rules, which include that the delegation is for objective reasons and that the depository undertakes due diligence and monitoring of the delegate.

The Depository delegates the safekeeping of assets to JPMorgan Chase Bank, NA (the **Custodian**). Under the Global Custody Agreement, the Custodian accepts liability for direct damages from fraud, negligence or wilful misconduct. It is also liable for direct losses incurred from the failure of a Sub-custodian to use reasonable care in the provision of custodial services, the fraud or wilful misconduct of such Sub-custodian. For non-Affiliate Sub-custodians, the Custodian will not be liable for their insolvency.

Details of the fees payable to the Depository and to the Custodian are set out in paragraphs 11(b) and 11(c) of Part V of this Prospectus.

### **Financial Statements**

The Company prepares its financial statements in accordance with the 2006 Act and the revised UK GAAP and these Financial Statements have been prepared in accordance with FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, effective for accounting periods beginning on or after 1 January 2015, and with the AIC Statement of Recommended Practice (SORP) for Investment Trust Companies and Venture Capital Trusts dated November 2014. UK GAAP, the SORP and the resulting accounting treatments are subject to change and this may affect the Company's calculation of NAV. Changes in the Company's accounting policies could also adversely affect Shareholders.

### **Reports to Shareholders and AGMs**

The Company's annual report and financial statements are prepared up to 31 July each year. The Company's AGMs have generally been held in November of each year, though the 2016 Annual General Meeting will be held in December this year, and it may be that subsequent AGMs are also held in December.

## PART III

### FINANCIAL INFORMATION RELATING TO THE COMPANY

#### 1. Statutory Accounts for the Three Financial Years Ended 31 July 2014, 2015 and 2016

Statutory accounts of the Company for the three financial years ended 31 July 2014, 2015 and 2016, in respect of which the Company's Auditors have given unqualified opinions that such accounts give a true and fair view of the state of affairs of the Company and of its profit for the year and have been properly prepared in accordance with the Companies Act 2006 and UK GAAP, have been incorporated in this Prospectus by reference.

For the purposes of the financial year ended 31 July 2016, the Company has for the first time applied the revised UK Generally Accepted Accounting Practice ("UK GAAP"), issued by the Financial Reporting Council ("FRC") and these Financial Statements have been prepared in accordance with FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland, effective for accounting periods beginning on or after 1 January 2015. The Company has early adopted the amendments to FRS 102: Fair value hierarchy disclosures, issued by the FRC in March 2016. The Financial Statements have also been prepared in accordance with the revised Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("SORP") issued by the Association of Investment Companies ("AIC"), in November 2014.

The Company confirms that the annual financial statements for the years 31 July 2014 and 31 July 2015, which were prepared under UK GAAP, have been presented and prepared in a form which is consistent with that which has been adopted for the year ended 31 July 2016 (prepared under FRS 102) having regard to accounting standards, policies and legislation applicable to such annual financial statements in so far as there are no material differences between the financial statements for these years prepared under these two accounting frameworks.

The auditor to the Company for the financial years ended 31 July 2014 and 31 July 2015 was Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU. The Company appointed Ernst & Young LLP of 25 Churchill Place, London E14 5RB as the Company's independent Auditor at the AGM on 30 November 2015, who was the auditor of the Company for the purposes of the financial year ended 31 July 2016.

#### 2. Published Annual Reports and Financial Statements for the Three Financial Years Ended 31 July 2014, 2015 and 2016

##### 2.1. *Historical financial information*

The published annual reports and audited financial statements for the Company for the three financial years ended 31 July 2014, 2015 and 2016, which have been incorporated into 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 31 July (audited)</i>		
	<i>2014 Page No(s)</i>	<i>2015 Page No(s)</i>	<i>2016 Page No(s)</i>
Income statement	41	38	42
Statement of changes in equity*	42	39	43
Balance sheet	43	40	44
Cash flow statement	44	41	n/a
Notes to the financial statements	45–59	42–56	45–61
Independent auditors' report	39–40	36–37	37–41
Chairman's statement	3–4	3–4	3–5
Portfolio Manager's Review	5–9	5–6	6–7
Directors' report	24–27	22–25	25–26

\* Prior to 2016, designated the Reconciliation of Movements in Shareholders' Funds

## 2.2. *Selected financial information*

The key audited figures that summarise the Company's financial condition in respect of the three financial years ended 31 July 2014, 2015 and 2016, which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part III, are set out in the following table:

	<i>As at or for the year ended 31 July (audited)</i>		
	<i>2014</i>	<i>2015</i>	<i>2016</i>
Net assets (£'000)	172,762	178,937	237,545
NAV per share (pence)	255.99	265.14	351.98
<i>Revenue Return</i>			
Total income (£'000)	3,332	4,527	6,441
Net return (£'000)	769	1,523	3,614
Return per share (pence)	1.14	2.26	5.36
Dividend per share (pence)	1.10	2.00	4.50
<i>Total Return</i>			
Net return (£'000)	59,958	6,917	3,614
Net return per share (pence)	26.76	10.25	88.85

## 2.3. *Operating and financial review*

The Company's published audited annual reports and financial statements for the three financial years ended 31 July 2014, 2015 and 2016 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 financial statements for the year ended 31 July (audited)</i>		
	<i>2014 Page No(s)</i>	<i>2015 Page No(s)</i>	<i>2016 Page No(s)</i>
Chairman's statement	3–4	3–4	3–5
Portfolio Manager's Review	5–9	5–6	6–7
Portfolio analysis	15–19	11–17	13–20
Performance, discount and financial record	20–22	18–20	21–23

The issue of the Subscription Shares itself has no impact on the Company's assets, earnings or liabilities. Where Subscription Shares are converted into Ordinary Shares, the net assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Subscription Price. It is not expected that there will be any material impact on the earnings and liabilities of the Company as the net proceeds resulting from any conversion are expected to be invested in accordance with the investment objective and policy of the Company.

## 2.4. *Availability of annual reports and financial statements for inspection*

Copies of the Company's audited annual reports and financial statements for the three financial years ended 31 July 2014, 2015 and 2016 are available for inspection at the address set out in paragraph 18 of Part V of this Prospectus.

### 3. Significant Change

There has been no significant change in the financial or trading position of the Company since 31 July 2016, being the date to which the latest audited yearly results of the Company were published.

### 4. Capitalisation and Indebtedness

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 21 October 2016 and the Company's audited capitalisation as at 31 July 2016 (being the last date in respect of which the Company has published financial information).

	<i>21 October 2016</i> £'000
<hr/>	
<i>Total Current Debt</i>	
Guaranteed Secured	nil
Unguaranteed/unsecured	nil
<i>Total Non-Current Debt</i>	
Guaranteed Secured	nil
Unguaranteed/unsecured	nil
<hr/>	
	<i>31 July 2016</i> £'000
<hr/>	
<i>Shareholder equity</i>	
Share capital	16,872
Share premium account	20,232
Capital redemption reserve	3,197
Other non-distributable reserve	7,367
Other reserve	8,613
Capital reserve	176,840
Revenue reserve	4,424
<b>Total</b>	<b>237,545</b>

As at 21 October 2016 (being the latest practicable date prior to the publication of this Prospectus), there has been no material change in the capitalisation of the Company since 31 July 2016 (being the last date in respect of which the Company has published financial information).

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited net indebtedness as at 21 October 2016.

		<i>21 October 2016</i>
		<i>£'000</i>
A.	Cash	4,680
B.	Cash Equivalent	nil
C.	Trading securities	1,008
D.	Liquidity (A+B+C)	5,688
E.	Current financial receivable	4,505
F.	Current bank debt	nil
G.	Current portion of non-current debt	nil
H.	Trading securities payable	(1,156)
I.	Other current financial debt	(992)
J.	Current financial debt (F+G+H+I)	(2,148)
K.	Net current financial assets/(indebtedness) (J-E-D)	8,045
L.	Non-current bank loans	nil
M.	Bonds issued	nil
N.	Other non-current loans	nil
O.	Non-current financial indebtedness (L+M+N)	nil
P.	Net financial assets/(indebtedness) (K+O)	8,045

#### **5. Working Capital**

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

## PART IV

### PARTICULARS OF THE SUBSCRIPTION SHARES

Conditional upon the passing of the Resolution at the Annual General Meeting and Admission, the Subscription Shares are expected to be issued on 6 December 2016 and will carry the rights described below. The Articles will be replaced with the New Articles which will incorporate these rights.

#### 1. Subscription Share Rights

- (a) A registered holder for the time being of a Subscription Share (a “**Subscription Shareholder**”) shall have a right (the “**Subscription Share Right**”) exercisable on an annual basis by notice to the Company in the 25 days preceding the last business day in November in 2017, 2018 and 2019 (each such date being a “**Subscription Date**” and the last Business Day in November 2019 being the “**Final Subscription Date**”) to subscribe for all or any of the Ordinary Shares to which his Subscription Shares relate at the price per Ordinary Share to be determined by the Company as being equal to the published NAV per Ordinary Share as at 5.00 p.m. on 2 December, plus a premium as follows:

<i>Subscription Date</i>	<i>Premium - Percentage of NAV</i>
Last Business Day in November 2017	1%
Last Business Day in November 2018	4%
Last Business Day in November 2019	7%

rounded up to the nearest quarter penny (the “**Subscription Price**”).

The Subscription Price shall be payable in full in Sterling on subscription.

Each Subscription Share has a subscription share right to one Ordinary Share, but the Subscription Price (and/or the number of Subscription Shares outstanding) will be subject to adjustment as provided in paragraph 2 below.

The NAV for the purpose of calculating the Subscription Price means the unaudited value of all the Company’s assets calculated in accordance with the Company’s accounting policies (including revenue items for the current financial year) less all prior charges and other creditors at their fair value (including the costs of the Bonus Issue).

It is expected that the Subscription Price will be announced via a Regulatory Information Service on or around 5 December 2016.

- (b) Subscription Shares will be issued in registered form and may be held in either certificated form (the “**Certificated Subscription Shares**”) or uncertificated form (the “**Uncertificated Subscription Shares**”). In the case of:
- (i) Certificated Subscription Shares, a Subscription Shareholder will be entitled to a share certificate in respect of his holding of Subscription Shares; and
  - (ii) Uncertificated Subscription Shares, a Subscription Shareholder’s title to such Subscription Shares will be recorded in the relevant register as being held in such form as will by virtue of the uncertificated securities rules enable the transfer of title to the Subscription Shares to be effected without a written instrument by means of a relevant electronic system (a “**Relevant Electronic System**”).
- (c) In order to exercise, in whole or in part, the Subscription Share Rights which are conferred by any Certificated Subscription Shares, the Subscription Shareholder must lodge the relevant Subscription Share certificate(s) (or such other document(s) as the Directors may, in their absolute discretion, accept) at the office of the Registrars during the period of 25 days ending on the relevant Subscription Date, and in any case no later than 5:00pm on that date having completed the notice of exercise of Subscription Share Rights thereon (or by giving such other notice of exercise of Subscription Share Rights as the Directors may, in their absolute discretion, accept) (“**Subscription Notice**”), accompanied by a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised. The Directors may accept as valid, Subscription Notices which are received after the relevant Subscription Date provided they are accompanied by the correct remittance, as described above. Once

lodged, a Subscription Notice shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (d) The Subscription Share Rights which are conferred by any Uncertificated Subscription Shares on the relevant Subscription Date shall be exercisable, in whole or in part, (and treated by the Company as exercised) on the relevant Subscription Date if during the period of 25 days ending on the Subscription Date in any case, not later than 5.00 p.m. on the relevant Subscription Date: (i) an Uncertificated Subscription Notice is received as referred to below and (ii) a remittance for the aggregate Subscription Price for the Ordinary Shares in respect of which the Subscription Share Rights are being exercised is received by the Company (or by such person as it may require for these purposes).

For these purposes, an Uncertificated Subscription Notice shall mean a properly authenticated dematerialised instruction and/or other instruction or notification received by the Company (or by such person as it may require for these purposes) in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the regulations and the facilities, rules and requirements of the Relevant Electronic System).

The Directors may, in addition but subject to the regulations and facilities and requirements of the Relevant Electronic System, determine when any such properly authenticated dematerialised instruction and/or other instruction or notification and any such remittance is to be treated as received by the Company or by such person as it may require for these purposes. Without prejudice to the generality of the foregoing, the effect of the Uncertificated Subscription Notice may be such as to divest the holder of the Subscription Shares concerned of the power to transfer such Subscription Shares to another person. Once lodged, an Uncertificated Subscription Notice shall be irrevocable save with the consent of the Directors. To be effective, compliance must also be made with any statutory and regulatory requirements for the time being applicable.

- (e) Not earlier than 56 days nor later than 30 days before the Final Subscription Date, the Company shall give notice in writing to the holders of the outstanding Subscription Shares reminding them of their Subscription Share Rights and, in relation to any Uncertificated Subscription Shares, stating the form of Uncertificated Subscription Notice prescribed by the Directors.
- (f) Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Certificated Subscription Shares will be allotted within ten Business Days of the relevant Subscription Date, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than ten Business Days after the Final Subscription Date. The Ordinary Shares arising on conversion shall be allotted with effect from the date of their allotment (and not the date upon which the notice of exercise is given or deemed given in accordance with paragraph 1(c) above). Certificates in respect of such Ordinary Shares, together, if applicable, with a new certificate for the balance of any Certificated Subscription Shares in respect of which the Subscription Share Rights have not been exercised, will be despatched (at the risk of the person(s) entitled thereto) not later than 28 days after the relevant allotment date to the person(s) in whose name(s) the Subscription Share is registered at the date of exercise (and, if more than one, to the first-named, which shall be sufficient despatch for all) or (subject as provided by law and to the payment of stamp duty reserve tax or any other tax as may be applicable) to such other person(s) (not being more than four in number) as may be named in the form of nomination available for the purpose from the Registrars (and, if more than one, to the first-named, which shall be sufficient despatch for all).
- (g) Ordinary Shares issued pursuant to the exercise of Subscription Share Rights which are conferred by any Uncertificated Subscription Shares will be allotted within ten Business Days of the relevant Subscription Date, save in the case of the Final Subscription Date when the relevant Ordinary Shares will be allotted not later than ten Business Days after the Final Subscription Date. The Ordinary Shares arising on conversion shall be allotted with effect from the date of their allotment (and not the date upon which the Uncertificated Subscription Notice is given in accordance with paragraph 1(d) above). The Company shall procure that the appropriate instructions are given to enable such Ordinary Shares to be credited in uncertificated form to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the Subscription Shares in respect of which Subscription Share Rights have been exercised were registered as at the date of such exercise or (subject as provided by law, to the payment of stamp duty reserve tax or any other tax as may be applicable, to such terms and conditions as the Directors may from time to time prescribe for this purpose, to the regulations, and the facilities, rules and requirements of the Relevant Electronic System) to such other person(s) (not being more than four in number) as may be named in the properly authenticated dematerialised instruction and/or other instruction or notification in such form.

- (h) For the avoidance of doubt, unless the Directors otherwise determine or unless the regulations or the facilities, rules or requirements of the Relevant Electronic System otherwise require, the Ordinary Shares issued on the exercise of any Subscription Share Rights shall be issued in certificated form where such Subscription Share Rights were conferred by Certificated Subscription Shares and in uncertificated form where such Subscription Share Rights were conferred by Uncertificated Subscription Shares.
- (i) Ordinary Shares allotted pursuant to the exercise of Subscription Share Rights will not rank for any dividends or other distributions declared, paid or made on the Ordinary Shares by reference to a record date prior to the relevant allotment date but, subject thereto, will rank in full for all dividends and other distributions declared, paid or made on the Ordinary Shares and otherwise will rank *pari passu* in all other respects with the Ordinary Shares in issue at the relevant allotment date.
- (j) For so long as the Company's Ordinary Shares are admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities, it is the intention of the Company to apply (i) to the UK Listing Authority for the Ordinary Shares allotted pursuant to any exercise of Subscription Share Rights to be admitted to the Official List and (ii) to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The Ordinary Shares arising pursuant to any exercise of Subscription Share Rights will be allotted subject to admission to the Official List and to trading on the London Stock Exchange's main market for listed securities. Official List for this purpose means the official list of the UK Listing Authority. UK Listing Authority for this purpose means the Financial Conduct Authority of the United Kingdom acting in its capacity as the competent authority for the purposes of Part V of the FSMA.
- (k) Each notice of exercise of Subscription Share Rights and each Uncertificated Subscription Notice will be deemed to contain a representation that at the time of submission to the Company, the holder of the Subscription Shares concerned is not a US Person (as defined in paragraph 1(l) below) or a person in Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other jurisdictions outside the United Kingdom or the EEA or, if he is such a person, his exercise of Subscription Share Rights is permitted by, and will not infringe, the securities laws of the relevant jurisdiction.
- (l) Without prejudice to the generality of the final sentences of paragraphs 1(c) and 1(d) above, the exercise of Subscription Share Rights by any Subscription Shareholder or beneficial owner of the Subscription Shares who is a US Person or a person in Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other jurisdictions outside the United Kingdom and the EEA or the right of such a Subscription Shareholder or beneficial owner to receive the Ordinary Shares falling to be issued to him following the exercise of his Subscription Share Rights, will be subject to such requirements, conditions, restrictions, limitations or prohibitions as the Company may at any time impose, in its sole discretion, for the purpose of complying with (or for avoiding any requirement which would otherwise arise to comply with) the securities laws of the United States (including, without limitation, the Securities Act, the United States Investment Company Act of 1940, as amended, and any rules or regulations promulgated under such Acts) and the laws of Canada, Australia, Japan, New Zealand, the Republic of South Africa or any other jurisdictions outside the United Kingdom and the EEA. As used herein, US Person means any person or entity defined as such in Rule 902 (o) under the Securities Act and, without limiting the generality of the foregoing, US Person includes a natural person resident in the United States, a corporation, partnership or other entity created, organised or incorporated under the laws of the United States (including any State thereof) and an estate or trust, if any executor, administrator or trustee is a US Person, but shall not include a branch or agency of a US Person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located, and United States means the United States of America (including the States thereof and the District of Columbia), its territories and possessions or other areas subject to its jurisdiction

## **2. Adjustments of Subscription Share Rights**

The Subscription Price (and/or the number of Subscription Shares outstanding) shall from time to time be adjusted in accordance with the provisions of this paragraph 2:

- (a) If and whenever there shall be an alteration on a date (or by reference to a record date) on or before the Final Subscription Date in the nominal amount of the Ordinary Shares as a result of a consolidation or subdivision, the Subscription Price in force immediately prior to such alteration shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the nominal amount of one such Ordinary Share

immediately after such alteration and (y) the denominator shall be the nominal amount of one such Ordinary Share immediately prior to such alteration, and such adjustment shall become effective on the date the alteration takes effect.

- (b) If and whenever the Company shall allot to holders of Ordinary Shares any Ordinary Shares credited as fully paid by way of capitalisation of reserves or profits (other than Ordinary Shares paid up out of distributable reserves and issued in lieu of a cash dividend) on a date (or by reference to a date) on or before the Final Subscription Date, the Subscription Price in force immediately prior to such allotment shall be adjusted by multiplying it by a fraction of which (x) the numerator shall be the aggregate nominal amount of the issued Ordinary Shares immediately before such allotment and (y) the denominator shall be the aggregate nominal amount of the issued and allotted Ordinary Shares immediately after such allotment and such adjustment shall become effective as at the date of allotment of such Ordinary Shares.
- (c) If on a date (or by reference to a record date) on or before the Final Subscription Date, the Company makes any offer or invitation (whether by way of rights issue, open offer or otherwise but not being an offer made in connection with scrip dividend arrangements) to the holders of the Ordinary Shares (subject to such exclusions as may be necessary to deal with legal, regulatory or practical problems in any jurisdiction) to subscribe for new Ordinary Shares or for securities convertible into or exchangeable for Ordinary Shares or conferring rights to subscribe for Ordinary Shares, or any offer or invitation (not being an offer to which paragraph 3(g) below applies) is made to such holders otherwise than by the Company, then the Company shall, so far as it is able, procure that at the same time the same offer or invitation is made to the then Subscription Shareholders as if their Subscription Share Rights had been exercised on the date immediately preceding the record date for such offer or invitation on the terms (subject to any adjustment made previously pursuant to paragraphs 2(a) to (f)) on which the same could have been exercised on that date, provided that, if the Directors so resolve in the case of any such offer or invitation made by the Company, the Company shall not be required to procure that the same offer or invitation is made to the then Subscription Shareholders but the Subscription Price shall be adjusted:
  - (i) in the case of an offer of new Ordinary Shares for subscription by way of a rights issue at a price less than the market price at the date of announcement of the terms of the offer, by multiplying the Subscription Price by a fraction of which the numerator is the number of Ordinary Shares in issue on the date of such announcement plus the number of Ordinary Shares which the aggregate amount payable for the total number of new Ordinary Shares comprised in such rights issue would purchase at such market price and the denominator is the number of Ordinary Shares in issue on the date of such announcement plus the aggregate number of Ordinary Shares offered for subscription; and
  - (ii) in any other case, in such manner as the independent financial advisers appointed by the Board shall report in writing to be fair and reasonable.

Any such adjustments shall become effective, in the case of (i) above, as at the date of allotment of the new Ordinary Shares which are the subject of the offer or invitation and, in the case of (ii) above, as at the date determined by the independent financial advisers appointed by the Board. For the purposes of this paragraph “**market price**” shall mean the average of the middle market quotations (as derived from the Official List) for one Ordinary Share for the five consecutive dealing days ending on the dealing day immediately preceding the day on which the market price is to be ascertained.

- (d) No adjustment will be made to the Subscription Prices pursuant to paragraphs 2(a), (b) or (c) above (other than by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above) if it would result in an increase in the Subscription Prices and, in any event, no adjustment will be made if such adjustment would (taken together with the amount of any adjustment carried forward under the provisions of this paragraph 2(d)) be less than 1% of the Subscription Prices then in force and on any adjustment the adjusted Subscription Prices will be rounded down to the nearest whole penny. Any adjustment not so made and any amount by which the Subscription Prices are rounded down will be carried forward and taken into account in any subsequent adjustment.
- (e) Whenever Subscription Prices are adjusted as provided in accordance with paragraphs 2(a) to (d) above (other than by reason of and to reflect a consolidation of Ordinary Shares as referred to in paragraph 2(a) above), the Company shall issue, for no payment, additional Subscription Shares to each Subscription Shareholder at the same time as such adjustment takes effect and the nominal value of such shares shall be paid up in full in accordance with paragraph 8(g)(v). The number of additional Subscription Shares to which

a holder of Subscription Shares will be entitled shall be the number of existing Subscription Shares held by him before such adjustment multiplied by the following fraction:

$$\frac{X - Y}{Y}$$

where:

X = the Subscription Price (for the next Subscription Date) immediately before the adjustment of the Subscription Price; and

Y = the Subscription Price (for the next Subscription Date) immediately after the adjustment of the Subscription Price.

Fractions of Subscription Shares will not be allotted to holders of Subscription Shares but all such fractions will be aggregated and, if practicable, sold in the market. The net proceeds will be paid to the Subscription Shareholders entitled thereto at the risk of such persons, save that amounts of less than £5 will be retained for the benefit of the Company. Subscription Share certificates relating to such additional Certificated Subscription Shares will be issued within 21 days of the said adjustment taking effect or the Company will procure that appropriate instructions are given to enable such additional Uncertificated Subscription Shares to be credited to the relevant account within the Relevant Electronic System of the person(s) in whose name(s) the Subscription Shares are registered as at the date of the adjustment.

- (f) Whenever Subscription Prices are adjusted in accordance with this paragraph by reason of a consolidation of Ordinary Shares as referred to in paragraph 2(a) above, the number of Ordinary Shares into which each holder of Subscription Shares is entitled to convert such Subscription Shares will be reduced accordingly.
- (g) The Company shall give notice to holders of Subscription Shares within 28 days of any adjustment made pursuant to paragraphs 2(a) to (f) above.
- (h) If a holder of Subscription Shares shall become entitled to exercise his Subscription Share Rights pursuant to paragraph 3(g) below, the Subscription Price payable on such exercise (but not otherwise) shall be reduced by an amount determined by the financial advisers in accordance with the following formula:

$$A = (B + C) - D$$

where:

A = the reduction in the Subscription Price;

B = the Subscription Price which would, but for the provisions of this paragraph 2(h), be applicable (having taken into account any adjustments previously made pursuant to paragraphs 2(a) to (f) above) on the date on which the Company shall become aware as provided in paragraph 3(g) below;

C = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made; and

D = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Ordinary Share for the 10 consecutive dealing days ending on the dealing day immediately preceding the date of the announcement of the offer referred to in paragraph 3(g) below (or, where such offer is a revised offer, the original offer) or, if applicable and earlier, the date of the first announcement of the intention to make such offer or original offer or of the possibility of the same being made,

provided that:

- (i) the Subscription Prices shall not be reduced so as to cause the Company to be obliged to issue Ordinary Shares at a discount to nominal value and, if the application of the above formula would, in the absence of this proviso (i), have reduced Subscription Prices to below the nominal value of an Ordinary Share, the number of Ordinary Shares for which a holder of a Subscription Share may subscribe pursuant to paragraph 3(g) below shall be adjusted in such manner as the Financial Advisers shall report to be appropriate to achieve the same economic result for the Subscription Shareholders as if the Subscription Prices had been reduced without regard to this proviso 2(i); and
- (ii) no adjustment shall be made to Subscription Prices where the value of D exceeds the aggregate value of B and C in the above formula.

The notice required to be given by the Company under paragraph 3(g) below shall give details of any reduction in the Subscription Price pursuant to this paragraph 2(h).

- (i) Notwithstanding the provisions of paragraphs 2(a) to 2(h) above, in any circumstances where the Directors shall consider that an adjustment to Subscription Prices provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to Subscription Prices should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided under the said provisions, the Company may appoint the financial advisers to consider whether for any reason whatsoever the adjustment to be made (or the absence of adjustment) would or might not appropriately reflect the relative interests of the persons affected thereby and, if the financial advisers shall consider this to be the case, the adjustment shall be modified or nullified, or another adjustment made instead, or no adjustment made, in such manner including, without limitation, making an adjustment calculated on a different basis and /or to take effect from such other date and/or time as shall be reported by the financial advisers to be in their opinion appropriate.
- (j) For the purposes of this paragraph 2 the “**diluted NAV per ordinary share**” shall be the amount calculated in accordance with the following formula:

$$\frac{DNAV = (A + B)}{(C + D)}$$

where:

DNAV = the diluted NAV per ordinary share;

A = the net assets of the company as at the close of business on the business day immediately preceding the pricing date;

B = an amount equal to the product of (x) the number of new ordinary shares which would fall to be issued by the company if the rights conferred by all relevant securities were exercisable and had been exercised in full on the business day immediately preceding the pricing date at the conversion, exchange or subscription price (as the case may be) applicable on the next occasion on which such rights are then capable of exercise (disregarding, in the case of the subscription shares, any adjustment required by reason of the relevant offer or invitation under this paragraph 2) and (y) such conversion, exchange or subscription price (as the case may be);

C = the number of ordinary shares in issue as at the pricing date; and

D = the number of new ordinary shares that would result from the exercise in full (on the basis set out in B above) of all the rights conferred by the relevant securities.

### 3. Other Provisions

So long as any Subscription Share Rights remain capable of exercise:

- (a) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders):

- (i) make, pay or declare any distribution of capital profits or capital reserves except by means of a capitalisation issue in the form of fully paid Ordinary Shares;
  - (ii) issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares issued to the holders of its Ordinary Shares or the issue of further Subscription Shares to the Subscription Shareholders in accordance with the rights attaching to the Subscription Shares; or
  - (iii) on or by reference to a record date falling within the period of six weeks ending on the Final Subscription Date, make any such allotment as is referred to in paragraph 2 above or any such offer or invitation as is referred to in in paragraph 2 above (except by extending to the Subscription Shareholders any such offer or invitation as may be made by a third party);
- (b) the Company shall not (except with the sanction of a special resolution of the Subscription Shareholders) in any way modify the rights attached to its Existing Ordinary Shares as a class, or create or issue any new class of equity share capital except for shares which carry, as compared with the rights attached to the Existing Ordinary Shares, rights which are not more advantageous as regards voting, dividend or return of capital (save as to the date from which such shares shall rank for dividends or distributions), provided that nothing herein shall restrict the right of the Company to increase, consolidate or sub-divide its share capital or to issue further Ordinary Shares which carry, as compared to the rights attached to the Existing Ordinary Shares, rights which are not more advantageous as regards voting, dividends or return of capital;
  - (c) the Company shall not issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any such offer as is referred to in paragraph 2(c) if, in either case, the Company would on any subsequent exercise of the Subscription Share Rights be obliged to issue Ordinary Shares at a discount to nominal value;
  - (d) the Company shall not (except with the sanction of a special resolution of the holders of the Subscription Shares or in connection with a purchase of shares made in accordance with paragraph 3(j) below or for a reduction not involving any payment to Shareholders) reduce any of its share capital or any uncalled or unpaid liability in respect of any of its share capital;
  - (e) the Company shall not allot, or grant rights to subscribe for, or convert any security into, shares in the capital of the Company to the extent that subsequent to such issue it would not have sufficient authority to allot Ordinary Shares to satisfy in full all subscription share rights remaining exercisable;
  - (f) except in the circumstances where paragraph 2(c) applies, the Company shall not grant (or agree to grant) any option in respect of, or create any rights of subscription for, or conversion into, any Ordinary Shares, the nominal amount of which, together with the aggregate nominal amount of any Ordinary Shares over which options or rights of subscription or conversion (including those of the Subscription Shares) shall be subsisting at the date of such grant or creation, would exceed in the aggregate 20% of the nominal amount of the Ordinary Shares (excluding any treasury shares) then in issue, nor (except with the sanction of a special resolution of the Subscription Shareholders) will the Company grant (or offer or agree to grant) any such option in respect of, or create any such rights of subscription for, or issue any securities or loan capital carrying rights of conversion into, Ordinary Shares if the price at which any such option or right is exercisable is lower than the Subscription Price for the time being;
  - (g) subject as provided in paragraph 3(h) below, if at any time an offer is made to all Shareholders (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued ordinary share capital of the Company and the Company becomes aware on or before the Final Subscription Date that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons as aforesaid, the Company shall give notice to the Subscription Shareholders of such vesting or pending vesting within 14 days of its becoming so aware, and each such Subscription Shareholder shall be entitled, at any time within the period of 30 days immediately following the date of such notice, to exercise his Subscription Share Rights on the terms (having taken into account any adjustments pursuant to paragraphs 2(a) to (f) and 2(h) above) on which the same could have been exercised if they had been exercised on the date on which the Company shall become aware as aforesaid. The publication of a scheme of arrangement under sections 895 to 901 of the 2006 Act providing for the acquisition by any person of the whole or any part of the issued ordinary share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph 3(g) and reference herein to such an offer shall be read and construed accordingly;

- (h) if under any offer as referred to in paragraph 3(g) above the consideration shall consist solely of the issue of ordinary shares of the offeror and the offeror shall make available an offer of securities to subscribe for ordinary shares in the offeror in exchange for the Subscription Shares, which offer the financial advisers to the Company (acting as experts and not as arbitrators) shall consider to be fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to such financial advisers to be relevant), then a Subscription Shareholder shall not have the right to exercise his Subscription Share Rights on the basis referred to in paragraph 3(g) above and, subject to the offer as referred to in paragraph 3(g) above becoming or being declared wholly unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued ordinary share capital of the Company not already owned by it or its associates (as defined in section 988 of the 2006 Act), any Director shall be irrevocably authorised as attorney for the holders of Subscription Shares who have not accepted the offer of securities to subscribe for ordinary shares in the offeror in exchange for the relevant Subscription Shares and who have not exercised the Subscription Share Rights attaching to their Subscription Shares before such offer becomes or is declared unconditional and the offeror being in a position to acquire compulsorily the whole of the then issued ordinary share capital of the Company not already owned by it or its associates:
- (i) to execute a transfer of the Subscription Shares held by such holders in favour of the offeror in consideration of the issue of securities to subscribe for ordinary shares in the offeror as aforesaid, whereupon all the Subscription Share Rights shall lapse; and
- (ii) to do such acts and things as may be necessary or appropriate in connection therewith;
- (i) if an order is made or an effective resolution is passed for winding up the Company (except for the purpose of reconstruction, amalgamation or unitisation on terms sanctioned by a special resolution of the Subscription Shareholders), each Subscription Shareholder shall be entitled to receive out of the assets available in the liquidation, *pari passu* with the holders of the Ordinary Shares and *pro rata* to their holding of Subscription Shares as at the commencement of the liquidation, such proportion of the assets available for distribution and distributed in the liquidation as is equal to the greater of:

(i) 
$$\frac{MP \times N}{SA}$$

where:

MP = the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for one Subscription Share for the five consecutive dealing days ending on the dealing day immediately preceding the date of the presentation of the petition for such order or of the notice convening the meeting at which such resolution shall be passed (as the case may be) or, if applicable and earlier, the date of the first announcement of the presentation of such petition or the convening of a meeting (as the case may be) or that the same is proposed

N = the number of Subscription Shares in issue immediately prior to the commencement of the liquidation

SA = the surplus assets available in the liquidation and

(ii) 
$$\frac{IV \times N}{SA}$$

where:

IV = the excess of the Diluted NAV per Ordinary Share over the Subscription Price immediately prior to the commencement of the liquidation

N= the number of Subscription Shares in issue immediately prior to the commencement of the liquidation

SA = the surplus assets available in the liquidation

For the avoidance of doubt, the entitlement of Subscription Shareholders pursuant to this paragraph 3(i) shall be payable out of the assets available in the liquidation without the Subscription Shareholders having to

make any subscription or payment. Subject to the foregoing, all Subscription Share Rights shall lapse on liquidation of the Company.

Notwithstanding the foregoing provisions of this paragraph 3(i), where the Directors, in their reasonable opinion, shall consider that the economic result produced by the application of such provisions would or might not fairly and appropriately reflect the relative interests of the persons affected thereby, the Directors may appoint the Financial Advisers to consider and report on what (if any) adjustments should be made to such provisions so as to produce an economic result which, in the opinion of the Financial Advisers, fairly and appropriately reflects the relative interests of the persons affected thereby, and in the event of any such report by the Financial Advisers the provisions of this paragraph 3(i) shall be deemed to be varied and take effect accordingly.

- (j) Notwithstanding paragraphs 3(a) to (i) above, the Company may, without the sanction of special resolution of the Subscription Shareholders:
  - (i) issue new Ordinary Shares at a premium to NAV;
  - (ii) purchase any of its own equity share capital (whether by tender, by private treaty or through the market);
  - (iii) hold its Ordinary Shares in treasury and sell any such Ordinary Shares held in treasury; and
  - (iv) effect a reduction in its share premium account or capital redemption reserve in accordance with the provisions of the 2006 Act.

#### **4. Issue of C Shares**

- (a) Notwithstanding the provisions of paragraph 3 above, a Qualifying C Share Issue (as defined in (b) below) shall not constitute an alteration or abrogation of the rights attached to the Subscription Shares (and shall not require the sanction of a special resolution of the Subscription Shareholders), even though it may involve modification of the rights attached to the Existing Ordinary Shares of the Company or the creation or issue of a new class of equity share capital, if the Directors are of the opinion (having regard to all the circumstances) that such issue should not have any material dilutive effect on the NAV per Ordinary Share.
- (b) For this purpose, a “**Qualifying C Share Issue**” means an issue by the Company of shares which will, within one year of the date of issue thereof, be converted into Ordinary Shares ranking *pari passu* in all respects with the Ordinary Shares then in issue (other than, if the case requires, as regards dividends or other distributions declared, paid or made in respect of the financial year in which the conversion takes place) and may include the issue in connection therewith of subscription shares or warrants (whether on the same terms and conditions as the Subscription Shares or otherwise) and any matters reasonably incidental to the process by which such shares are converted into Ordinary Shares, including but not limited to the creation, issue, sub-division, consolidation, redesignation, purchase, redemption or cancellation of any share capital of the Company, including share capital with preferred or deferred rights.

#### **5. Modification of Rights**

All or any of the rights for the time being attached to the Subscription Shares and any of these terms and conditions may from time to time (whether or not the Company is being wound up) be altered or abrogated with the sanction of a special resolution of the Subscription Shareholders.

#### **6. Purchase**

Subject to the provisions of the 2006 Act the Company (or any of its subsidiaries) shall have the right to purchase Subscription Shares in the market, by tender or by private treaty but:

- (a) such purchases will be limited to a maximum price per Subscription Share which (other than in the case of purchases by tender) will not exceed the higher of (i) 5% above the average of the middle market quotations (as derived from the London Stock Exchange Daily Official List) for a Subscription Share for the five consecutive dealing days ending on the dealing day immediately preceding the date on which the purchase is made and (ii) the value of a Subscription Share calculated on the basis of the higher of the price quoted for (a) the last independent trade of, or (b) the highest current independent bid for, any number of Subscription Shares on the trading venue where the purchase is carried out; and

- (b) if such purchases are by tender, such tender will be available to all Subscription Shareholders alike.

All Subscription Shares so purchased shall forthwith be cancelled and shall not be available for reissue or resale.

## 7. Transfer

Each Subscription Share will be in registered form and will be transferable:

- (a) in the case of Certificated Subscription Shares, by an instrument of transfer in any usual or common form, or in any other form which may be approved by the Directors; and
- (b) in the case of Uncertificated Subscription Shares, by giving the appropriate instructions for transfer by means of the Relevant Electronic System.

No transfer of a fraction of a Subscription Share may be effected.

## 8. General

- (a) The Company will, concurrently with the issue of the same to the holders of the Ordinary Shares, send to each Subscription Shareholder (or, in the case of joint holders, to the first named) a copy of each published annual report and financial statements of the Company (or such abbreviated or summary financial statement sent to holders of Ordinary Shares in lieu thereof), together with all documents required by law to be annexed thereto, and a copy of every other statement, notice or circular issued by the Company to holders of Ordinary Shares.
- (b) For the purposes of the rights attaching to Subscription Shares, a special resolution of the Subscription Shareholders means a resolution proposed at a meeting of the Subscription Shareholders duly convened and passed by a majority consisting of not less than 75% of the votes cast, whether on a show of hands or on a poll.
- (c) Any determination or adjustment made pursuant to the rights attaching to Subscription Shares by the Financial Advisers shall be made by them as experts and not as arbitrators and any such determination or adjustment made by them shall be final and binding on the Company and each of the Subscription Shareholders.
- (d) Subject and without prejudice to paragraph 3(i) above, Subscription Shares carry no right to any dividend or other distribution by the Company and (save to the extent that the Directors elect in connection with an exercise of Subscription Share Rights as provided in paragraph 8(h) below) no right to be redeemed (although the Company may elect to purchase Subscription Shares pursuant to paragraph 6). Subscription Shareholders are not entitled to attend or vote at meetings of Ordinary Shareholders and have no right to share in any surplus in the event of liquidation beyond the right to be repaid a sum (rounded up to the nearest whole penny) equal to the nominal value of each Subscription Share (in respect of which Subscription Share Rights have not been exercised) held (which right ranks immediately after the right of the Ordinary Shareholders to be repaid the nominal value of twenty five pence for each Ordinary Share), but subject and without prejudice to paragraph 3(i) above.
- (e) If, immediately after any Subscription Date (other than the Final Subscription Date) and after taking account of any Subscription Share Rights exercised on that date, Subscription Share Rights shall have been exercised or cancelled in respect of 75% or more of the Subscription Shares originally issued (subject to the adjustment of the number of Subscription Shares in accordance with paragraph 2 above (excluding any Ordinary Shares to which Subscription Share Rights attached to Subscription Shares purchased by the Company or any of its subsidiaries relate but including any further Subscription Shares issued in accordance with the Articles)), the Company shall be entitled at any time within the next following 14 days to serve notice in writing on the holders of the Subscription Shares then outstanding of its intention to appoint a trustee for the purposes set out in this paragraph 8(e) (the “**Early Subscription Trustee**”) upon the expiry of the period beginning on the date of such notice and expiring at 3.00 p.m. on the twenty-first day from such date (the “**Notice Period**”). Such notice shall set out the Final Subscription Date and will include all necessary details and instructions to enable the exercise of the Subscription Share Rights. Forthwith after the expiry of the Notice Period, the Company shall appoint the Early Subscription Trustee who, provided that in such trustee’s opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the expiry of the Notice Period either:

- (i) exercise all (or such proportion as it may in its absolute discretion determine) of the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised immediately prior to the expiry of the Notice Period and had been exercised (having taken into account any adjustments previously made pursuant to paragraph 2 above) and sell in the market the Ordinary Shares resulting from such exercise; or
- (ii) if it appears to the Early Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders, accept any offer available to Subscription Shareholders for the purchase of:
  - (a) the outstanding Subscription Shares (or such proportion of such Subscription Shares as the Early Subscription Trustee may in its absolute discretion determine); and/or
  - (b) Ordinary Shares resulting from the exercise of the Subscription Share Rights in respect of the outstanding Subscription Shares (or such proportion of such Ordinary Shares as the Early Subscription Trustee may in its absolute discretion determine).

The Early Subscription Trustee shall distribute pro rata the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto (being, regardless of whether the Early Subscription Trustee has exercised all or only a proportion of the unexercised Subscription Share Rights or has accepted any offer for purchase of all or only a proportion of the outstanding Subscription Shares, all holders of the Subscription Shares outstanding immediately prior to such exercise or acceptance) at the risk of such persons as soon as practicable after such sale and in any event within 28 days after the expiry of the Notice Period, provided that entitlements of under £5 shall be retained for the benefit of the Company. Following the expiry of the Notice Period, if the Early Subscription Trustee shall not exercise the Subscription Share Rights then outstanding within the period of 14 days following such expiry as set out in this paragraph 8(e) (and such trustee's decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Share Rights shall lapse on the expiry of such period of 14 days. Where the Early Subscription Trustee exercises some but not all of such Subscription Share Rights or sells some but not all of such Subscription Shares in accordance with this paragraph, any Subscription Share Rights which are not so exercised and all Subscription Share Rights attaching to Subscription Shares not sold shall lapse.

- (f) Within seven days following the Final Subscription Date the Company shall appoint a trustee (the “**Final Subscription Trustee**”) who, provided that in such trustee's opinion the net proceeds of sale after deduction of all costs and expenses incurred by, and any fee payable to, such trustee will exceed the costs of exercising the Subscription Share Rights, shall within the period of 14 days following the Final Subscription Date, either:
  - (i) exercise all (or such proportion as it may in its absolute discretion determine) of the Subscription Share Rights which shall not have been exercised on the terms on which the same could have been exercised on the Final Subscription Date (having taken into account any adjustments previously made pursuant to paragraph 2 above) and sell in the market the Ordinary Shares resulting from such exercise; or
  - (ii) if it appears to the Final Subscription Trustee that doing so is likely to realise greater net proceeds for Subscription Shareholders, accept any offer available to Subscription Shareholders for the purchase of:
    - (a) the outstanding Subscription Shares (or such proportion of such Subscription Shares as the Final Subscription Trustee may in its absolute discretion determine); and/or
    - (b) Ordinary Shares resulting from the exercise of the Subscription Share Rights in respect of the outstanding Subscription Shares (or such proportion of such Ordinary Shares as the Final Subscription Trustee may in its absolute discretion determine).

The Final Subscription Trustee shall distribute pro rata the net proceeds of any such sale or acceptance of any such offer less, in either case, such costs of exercising the Subscription Share Rights and such other fees, costs and expenses to the persons entitled thereto (being, regardless of whether the Final Subscription Trustee has exercised all or only a proportion of the unexercised Subscription Share Rights or has accepted any offer for purchase of all or only a proportion of the outstanding Subscription Shares, all holders of the Subscription Shares outstanding immediately prior to such exercise or acceptance) at the risk of such persons within 56 days of the Final Subscription Date, provided that entitlements of under £5 shall be retained for

the benefit of the Company. If the Final Subscription Trustee shall not exercise the Subscription Share Rights within the period of 14 days following the Final Subscription Date as set out in this paragraph 8(f) (and such trustee's decision in respect thereof shall be final and binding on all holders of outstanding Subscription Shares), all Subscription Share Rights shall lapse. Where the Final Subscription Trustee exercises some but not all of such Subscription Share Rights or sells some but not all of such Subscription Shares in accordance with this paragraph, any Subscription Share Rights which are not so exercised and all Subscription Share Rights attaching to Subscription Shares not sold shall lapse.

(g) The exercise of the Subscription Share Rights shall be effected in accordance with this paragraph 8(h) or in such other manner as may be authorised by law. For the purposes of this paragraph 8(h) the “**Relevant Shares**” shall mean those Subscription Shares in respect of which Subscription Share Rights are exercised.

(i) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of profits of the Company which would otherwise be available for distribution. For the purposes of this paragraph 8, in the event that the Directors determine to redeem the same at par out of such profits, a Relevant Share shall confer upon the holder thereof the right to subscribe for and such holder shall be deemed to have appointed the secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one ordinary share at such price as shall represent the aggregate of:

(a) the Subscription Price; and

(b) the amount of the redemption monies to which the holder is entitled,

and, in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.

(ii) To enable such subscription to be effected, the Directors may determine to redeem at par the Relevant Shares on any Subscription Date out of the proceeds of a fresh issue of Ordinary Shares. In the event that the Directors determine to redeem the same at par out of such proceeds, a Relevant Share shall confer upon the holder thereof the right to subscribe for, and such holder shall be deemed to have authorised the Secretary of the Company (or any other person appointed for the purpose by the Directors) to subscribe as agent on such holder's behalf for, one Ordinary Share at such price as shall represent the aggregate of:

(a) the Subscription Price; and

(b) the amount of the redemption monies to which the holder is entitled,

and, in any such case, the Subscription Notice given by such holder shall be deemed irrevocably to authorise and instruct such agent to apply the redemption moneys payable to such holder in subscribing for such Ordinary Shares at such price.

(iii) To enable such subscription to be effected, the Directors may determine to effect such subscription by means of a consolidation and sub-division of the Relevant Shares. In such case the requisite consolidation and sub-division shall be effected pursuant to the authority given by the resolution adopting the New Articles by consolidating into one share all the Relevant Shares held by any holder or joint holders and in respect of which a Subscription Notice shall have been given in respect of the relevant Subscription Date (treating holdings of the same holders or joint holders in certificated form and uncertificated form as separate holdings, unless the Directors otherwise determine) and, if the Directors so determine, any shares allotted to such holder or joint holder pursuant to paragraph 8(g)(v) and converting (and, if necessary, sub-dividing) such consolidated share into Ordinary Shares of 25 pence each (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of which one share for every complete 25 pence (or such other nominal amount as may be appropriate as a result of any consolidation or sub-division of Ordinary Shares) of the nominal amount of the consolidated share shall be Ordinary Shares (fractional entitlements to an Ordinary Share being disregarded) and the balance (if any) of such consolidated share shall be deferred shares which shall carry the limited rights set out in the Articles but in particular will be capable of being redeemed by the Company without further authorisation.

- (iv) In relation to any Relevant Shares that are to be redeemed in accordance with paragraph 8(g)(i) or 8(g)(ii) and that are, on the Subscription Date concerned, in uncertificated form, the Directors shall be entitled in their absolute discretion to determine the procedures for the redemption of such Relevant Shares (subject always to the regulations and the facilities, rules and requirements of the Relevant Electronic System). Without prejudice to the generality of the foregoing, the procedures for the redemption of any such Relevant Shares may involve or include the sending by the Company or by any person on its behalf of an issuer instruction to the operator of the Relevant Electronic System requesting or requiring the deletion of any computer based entries in the relevant system concerned that relate to the holding of the Relevant Shares concerned, and/or the Company may, if the Directors so determine (by notice in writing to the holder concerned), require the holder of the Relevant Shares concerned to change the form of the Relevant Shares from uncertificated form to certificated form prior to the Subscription Date concerned (and in each case the Directors shall determine the procedure for such redemption).
- (v) To enable any subscription to be effected in accordance with paragraph 8(g)(i) or 8(g)(ii) above or the issue of any additional Subscription Shares pursuant to paragraph 2(e) above, the resolution adopting the New Articles will authorise the Directors to capitalise any part of the amount then standing to the credit of any of the Company's reserve accounts (whether or not the same would lawfully be distributable by way of cash dividend) or to the credit of the share premium account, capital redemption reserve, revenue reserve or otherwise available for the purpose and the same shall be applied in paying up in full at par shares to be allotted and issued, credited as fully paid, to and amongst the holders of the Subscription Shares exercising their Subscription Share Rights in accordance with their respective entitlements or otherwise to the holders of Subscription Shares in accordance with paragraph 2(e). The restrictions and limitations in the New Articles relating to capitalisation issues generally shall not apply to any capitalisation or creation or issue of shares pursuant to paragraph 8(i) or paragraph 2(e) which shall instead be effected pursuant to the authority given by the resolution adopting the New Articles.
- (vi) For the avoidance of doubt the Subscription Share Rights attached to a Subscription Share shall be capable of being exercised on one occasion only and with effect from the exercise of the Subscription Share Right attached to such Subscription Share the Directors shall be entitled to redesignate such Subscription Share as a deferred share which shall carry the limited rights set out in the Articles but in particular will be capable of being redeemed or transferred by the Company without further authorisation.
- (vii) Where the Subscription Share Rights attaching to any Subscription Shares lapse in accordance with the provisions of the New Articles, such Subscription Shares will be reclassified as deferred shares ("**Deferred Shares**"), having the limited rights set out in the New Articles.
- (h) The Early Subscription Trustee or the Final Subscription Trustee (as appropriate) shall have no liability of any nature whatsoever where such trustee has acted honestly and reasonably and shall have no responsibility for the safe custody of, or to earn any interest on, any unpaid or unclaimed money.
- (i) Any references in the rights attaching to Subscription Shares to a statutory provision shall include that provision as from time to time modified or re-enacted.
- (j) The Deferred Shares arising as a result of a conversion by means of consolidation and sub-division or otherwise on the lapse of Subscription Share Rights, shall:
  - (i) on a return of assets in a winding up entitle the holder only to the repayment of the amounts paid up on such shares after repayment of the capital paid up on the Ordinary Shares, the capital paid up on the Subscription Shares plus the payment of £1,000 on each Ordinary Share;
  - (ii) entitle the holder to a dividend at a fixed rate of 0.001% of the total nominal amount thereof payable on the date following six months after the date on which they arise, to the holders of Deferred Shares on the register at that date, but shall confer no other right to share in the profits of the Company, and
  - (iii) not entitle the holder to receive of or to attend or vote at any general meeting of the Company,

and such conversion or reclassification shall be deemed to confer irrevocable authority on the Company at any time thereafter to appoint any person to execute on behalf of the holders of such shares a transfer thereof

and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Company may determine as custodian thereof and to cancel and/or purchase the same (in accordance with the provisions of the 2006 Act) without making any payment to or obtaining the sanction of the holder thereof and pending such transfer and/or cancellation and/or purchase to retain the certificate for such Deferred Shares.

- (k) The Company may at its option at any time after the creation of any Deferred Shares redeem all or any of the Deferred Shares then in issue, at a price not exceeding 1 pence for all the Deferred Shares then in issue, at any time upon giving the registered holder(s) of such share(s) not less than 14 days' previous notice in writing of its intention to do so, fixing a time and place for their redemption.
- (l) If and whenever the Company shall determine to redeem pursuant to paragraphs (j) and (k) above less than the total of the Deferred Shares then outstanding, those to be redeemed shall be selected by the drawing of lots. At the time and place so fixed, each such registered holder shall be bound to surrender to the Company the certificate for their Deferred Shares or Ordinary Shares which are to be redeemed in order that such shares may be cancelled.

## PART V

### GENERAL INFORMATION

#### 1. Responsibility

The Company, whose registered office appears at paragraph 2(a)(ix) of this Part V, and the Directors, whose names and functions appear on page 42-43 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 omission likely to affect the import of such information.

#### 2. The Company, the Manager and Key Service Providers

##### (a) *Incorporation*

- (i) The Company was incorporated in England and Wales on 2 April 1996. The Company is registered as an investment company under section 833 of the 2006 Act with registered number 3183919. The Company has no subsidiaries.
- (ii) The Articles contain provisions requiring the Directors to put a proposal for continuation of the Company to the Shareholders at the Company's AGM in 2016 and thereafter at five yearly intervals.
- (iii) The Company has at all times conducted its affairs so as to enable it to qualify as an investment trust for the purposes of Chapter 4 of Part 24 of the Tax Act.
- (iv) As an investment trust the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, as a company listed on the Official List, it is subject to the Listing Rules.
- (v) The Company's Ordinary Shares are listed on the Official List and admitted to trading on the premium segment of the London Stock Exchange's main market for listed securities. The ISIN of the Ordinary Shares is GB0003322319.
- (vi) The principal legislation under which the Company operates is the 2006 Act and regulations promulgated thereunder. The Company is domiciled in England and Wales.
- (vii) The registered office of the Company is FIL Investments International, Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey KT20 6RP.

##### (b) *Principal Activities of the Company*

The principal object of the Company is to carry on business as an investment trust company.

##### (c) *The Manager*

The Manager is a private unlimited company, incorporated in England and Wales on 13 September 1979 under company number 1448245. The Manager is authorised and regulated by the Financial Conduct Authority. The principal legislation under which the Manager operates is the FSMA. The address of the registered office of the Manager is Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.

##### (d) *The AIFM*

The AIFM of the Company is FISL, a private limited company incorporated in England and Wales on 2 May 1986 under company number 02016555. The AIFM is authorised and regulated by the Financial Conduct Authority. The principal legislation under which the AIFM operates is the FSMA. The address of the registered office of FISL is Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ.

##### (e) *The Custodian*

The Custodian is JPMorgan Chase Bank, NA, London Branch, with its place of business at 25 Bank Street, Canary Wharf, London E14 5JP. The Custodian is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority.

(f) **The Depositary**

The depositary of the Company is J.P. Morgan Europe Limited, a private limited company incorporated in England and Wales on 18 September 1986 under company number 0938937. The Depositary is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. The registered office of J.P. Morgan Europe Limited is 25 Bank Street, Canary Wharf, London E14 5JP.

(g) **The Registrar**

The Company's registrar is Capita Registrars Limited, a private limited company incorporated in England and Wales on 26 April 1991 under company number 02605568. The registered office of the Registrar is The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

**3. Share Capital**

- (a) The following table shows the issued share capital of the Company as at 21 October 2016 (being the last date in respect of which the Company has published financial information) and as at 31 July 2016 (being the latest practicable date prior to the publication of this Prospectus):

	31 July 2016		21 October 2016	
	Number of Ordinary Shares	Nominal Value £'000	Number of Ordinary Shares	Nominal Value £'000
Issued share capital (fully paid)	67,488,213	16,872	67,488,213	16,872

- (b) Save for the proposed Bonus Issue of Subscription Shares described in this Prospectus, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
- (c) With effect from Admission, all of the Subscription Shares will be in registered form and, subject to the Subscription Shares being admitted to and accordingly enabled for settlement in CREST, the Subscription Shares will be capable of being held in both certificated and uncertificated form. No temporary documents of title will be issued. All of the Ordinary Shares issued or to be issued by the Company will be in registered form and are capable of being held in certificated and uncertificated form.
- (d) The Company's issued share capital history during the last three financial years and since 31 July 2016 is as follows:
- (i) in the financial year ended 31 July 2014, the Company repurchased 192,000 Ordinary Shares for cancellation. As at 31 July 2014, the Company had 67,488,213 Ordinary Shares in issue, none of which were held in treasury;
- (ii) in the financial year ended 31 July 2015, the Company did not issue any new Ordinary Shares nor did it repurchase any Ordinary Shares (into treasury or otherwise). As at 31 July 2015, the Company had 67,488,213 Ordinary Shares in issue, none of which were held in treasury;
- (iii) in the financial year ended 31 July 2016, the Company did not issue any new Ordinary Shares nor did it repurchase any Ordinary Shares (into treasury or otherwise). As at 31 July 2016, the Company had 67,488,213 Ordinary Shares in issue, none of which were held in treasury; and
- (iv) in the period 31 July 2016 to 21 October 2016 (being the latest practicable date prior to publication of this Prospectus), the Company did not issue any new Ordinary Shares nor did it repurchase any Ordinary Shares (into treasury or otherwise). As at 21 October 2016 (being the latest practicable date prior to publication of this Prospectus), the Company had 67,488,213 Ordinary Shares in issue, none of which were held in treasury.
- (e) At the Annual General Meeting, Shareholders will be asked to pass the Resolution, which contains the following operative provisions, some of which will, if the Resolution is passed, affect the Company's share capital:
- (i) to adopt the New Articles to provide for the rights attaching to the Subscription Shares;

- (ii) to authorise the Directors to allot shares pursuant to the Bonus Issue (including pursuant to the exercise of the Subscription Share Rights);
  - (iii) to authorise the Directors to allot shares in connection with the Bonus Issue without regard to statutory bonus rights;
  - (iv) to authorise the Directors to capitalise any amount standing to the credit of any of the share premium account, the capital redemption reserve and any other applicable reserve otherwise available in order to pay up to 13,497,642 Subscription Shares to be issued pursuant to the Bonus Issue and any Ordinary Shares to be issued upon the exercise of the Subscription Share Rights or any additional Subscription Shares required to be issued in accordance with the rights attaching to the Subscription Shares; and
  - (v) to authorise the Directors to consolidate, sub-divide or redeem share capital to give effect to the rights of the holders of Subscription Shares.
- (f) The Subscription Shares will have the rights described in Part IV of this Prospectus. The Subscription Shares will be denominated in Sterling.

#### **4. Current Articles**

The Articles contain, amongst other things, material provisions as summarised in paragraph 4.1 below. If the Resolution is passed at the Annual General Meeting, the New Articles will be adopted to incorporate the rights attaching to the Subscription Shares (as summarised in Part IV of this Prospectus).

##### **(a) *Articles of Association***

Set out below is a summary of the provisions of the current Articles. If the Resolution is passed at the Annual General Meeting the New Articles, which contain the rights attaching to the Subscription Shares, will be adopted. The rights attaching to the Subscription Shares are set out in Part IV of this Prospectus. In all other respects the New Articles will remain unchanged.

##### **(i) *Share capital***

The Company's share capital currently consists of Ordinary Shares.

Subject to any resolution passed by the Company, the Board has the authority to offer, allot, grant options over or otherwise deal with or dispose of shares in the Company to such persons, at such times and for such consideration and upon such terms, as the Board may decide.

Such shares may be issued with or have attached to them such rights and restrictions as the Company may by ordinary resolution decide, or if no such resolution has been passed, as the Board may decide.

##### **(ii) *Voting Rights***

The Shareholders have the right to receive notice of, and to vote at, general meetings of the Company. Each Shareholder who is present in person (or, being a corporation, by representative) at a general meeting on a show of hands has one vote and, on a poll, every such holder who is present in person (or, being a corporation, by representative) or by proxy has one vote in respect of every share held by him.

##### **(iii) *Dividends***

The Company may, subject to the provisions of the 2006 Act and the Articles, by ordinary resolution from time to time declare dividends to be paid to members not exceeding the amount recommended by the Board. Subject to the provisions of the 2006 Act in so far as, in the Board's opinion, the Company's profits justify such payments, the Board may pay interim dividends on any class of shares including those carrying a fixed dividend. Any dividend, unclaimed after a period of 12 years from the date such dividend was declared or became payable shall be forfeited and revert to the Company, unless the Board decides otherwise.

(iv) *Transfer of Ordinary Shares*

- (a) Each member may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided in the uncertificated securities rules. Each member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve.
- (b) The Board may decline to register any transfer:
  - (1) in the case of a share which is not a fully paid share;
  - (2) in the case of an uncertificated share, in such circumstances set out in the uncertificated securities rules and where, in the case of a transfer of joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four;
  - (3) in the case of a certificated share, at any time unless:
    - (1) the instrument of transfer is duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is left at the office or such other place as the Board may from time to time determine accompanied by the certificate for the share to which it relates (and such other evidence as the Board may reasonably require);
    - (2) the instrument of transfer is in respect of only one class of share; and
    - (3) 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.

(v) *Variation of rights and alteration of capital*

All or any of the rights for the time being attached to any share or class of shares (and notwithstanding that the Company may or may be about to be in liquidation) may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than 75% in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares to which the provisions of the Articles relating to general meetings shall apply, but so that the quorum thereat shall be two persons holding or representing by proxy at least one third in nominal value of the issued shares of the class in question.

(vi) *Alteration of share capital*

The Company may from time to time by ordinary resolution, increase its share capital, consolidate or consolidate and then subdivide all or any of its share capital, and cancel any shares which have not been taken or agreed to be taken.

(vii) *Purchase of own Shares*

Subject to the provisions of the 2006 Act and to any rights for the time being attached to any class of shares, the Company may purchase any of its own shares of any class (including any redeemable shares). Any shares to be so purchased may be selected in any manner whatsoever.

(viii) *Directors*

- (a) Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall not be less than two, but there shall be no maximum number of Directors.
- (b) The Directors shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine provided that the amount paid to each Director by way of fees shall not exceed £50,000 in any financial year, or such greater sum as may be determined from time to time by ordinary resolution of the Company. The Directors shall also be entitled to be repaid all reasonable travelling, hotel and other incidental expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings.

Where a Director performs a service which, in the opinion of the Board (or any committee authorised by the Board), goes beyond the ordinary duties of a director, such Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise), as the Board (or any committee authorised by the Board), may in its absolute discretion shall determine).

- (c) At every AGM any Director who:
- (1) has been appointed by the Board since the last AGM; or
  - (2) held at the time of the two preceding AGMs and who did not retire at either of them; or
  - (3) has held office with the Company, other than employment of executive office, for a continuous period of nine years or more at the date of the meeting,
- shall retire from the office and may offer himself for re-appointment by the members.
- (d) The Board may, subject to the quorum and voting requirements set out in the Articles, authorise any matter which would otherwise involve a Director breaching his duty under the Companies Act 2006 to avoid conflicts of interest (“**Conflict**”).
- (e) A Director seeking authorisation in respect of a Conflict shall declare to the Board the nature and extent of his interest in a Conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the relevant matter as are necessary for the Board to decide how to address the Conflict together with such additional information as may be requested by the Board.
- (f) Any Director (including the relevant Director) may propose that the relevant Director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the Board shall be effected in the same way that any other matter may be proposed to and resolved upon by the Board under the provisions of the Articles save that:
- (1) the relevant Director and any other Director with a similar interest shall not count towards the quorum, nor vote on any resolution giving such authority; and
  - (2) the relevant Director and any other Director with a similar interest may, if the other members of the Board so decide, be excluded from any Board meeting while the Conflict is under consideration.
- (g) Where the Board gives authority in relation to a Conflict:
- (1) the Board may (whether at the time of giving the authority or subsequently) (a) require that the relevant Director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the Board or otherwise) related to the Conflict; and (b) impose upon the relevant Director such other terms for the purpose of dealing with the Conflict as it may determine;
  - (2) the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Board in relation to the Conflict;
  - (3) the Board may provide that where the relevant Director obtains (otherwise than through his position as a Director of the Company) information that is confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company’s affairs, where to do so would amount to a breach of that confidence;
  - (4) the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and

- (5) the Board may revoke or vary such authority at any time but this will not affect anything done by the relevant Director prior to such revocation in accordance with the terms of such authority.
  - (h) If a Director is in any way directly or indirectly interested in a proposed contract with the Company or a contract that has been entered into by the Company, the Director must declare the nature and extent of that interest to the Directors in accordance with the 2006 Act.
  - (i) Provided he has declared his interest in accordance with paragraph (h) above, a Director may:
    - (1) be party to, or otherwise interested in, any contract with the Company or in which the Company has a direct or indirect interest;
    - (2) hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms, including as to remuneration, as the Board may decide;
    - (3) act by himself or through a firm with which he is associated in a professional capacity for the Company or any other Company in which the Company may be interested (otherwise than as auditor);
    - (4) be or become a director or other officer of, or employed by or otherwise interested in any holding company or subsidiary company of the Company or any other company in which the Company may be interested; and
    - (5) be or become a director of any other company in which the Company does not have an interest and which cannot reasonably be regarded as giving rise to a conflict of interest at the time of his appointment as a director of that other Company.
  - (j) A Director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company for any remuneration, profit or other benefit realised by reason of his having any type of interest authorised or permitted under the Articles and no contract shall be liable to be avoided on the grounds of a Director having any type of interest authorised under or permitted under the Articles.
- (ix) *Borrowing powers*
- (a) The Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities and to give security, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
  - (b) The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards subsidiary undertakings only in so far as by the exercise of the rights or powers of control the board can secure) that, save with the previous sanction of an ordinary resolution, no money shall be borrowed if the aggregate principal amount outstanding of all borrowings by the group (exclusive of borrowings owing by one member of the group to another member of the group) then exceeds, or would as a result of such borrowing, exceed an amount equal to twice the adjusted capital and reserves.
- (x) *General meetings*
- (a) Notice

The Company must convene and hold AGMs in accordance with the 2006 Act.

The Board has the power to set the time and place of the AGM and to convene a general meeting whenever it thinks fit. A general meeting shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by sections 303 to 305 (inclusive) of the 2006 Act. At any meeting convened on such requisition or by such requisitionists no business shall be transacted

except that stated by the requisition or proposed by the Board. If there are not within the United Kingdom sufficient members of the Board to convene a general meeting, any Director or any member of the Company may call a general Meeting.

An AGM and a general meeting convened for the passing of a special resolution shall be convened by not less than 21 clear days' notice in writing. All other general meetings shall be convened by not less than 14 clear days' notice in writing. Notwithstanding that a general meeting is called on shorter notice, it shall be deemed duly convened:

- (i) in the case of an AGM, by all the members entitled to attend and vote at the meeting; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

(b) Quorum

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

(xi) *Reserves*

The Company may, upon the recommendation of the board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount standing to the credit of any reserve or fund (including retained earnings) at the relevant time whether or not the same is available for distribution and accordingly that the amount to be capitalised be set free for distribution among the members or any class of members who would be entitled to it if it were distributed by way of dividend and in the same proportions, on the footing that it is applied either in or towards paying up the amounts unpaid at the relevant time on any shares in the Company held by those members respectively or in paying up in full shares that are to be allotted and distributed credited as fully paid up among those members, or partly in one way and partly in the other, but so that, for the purposes of this article (i) a share premium account and a capital redemption reserve, and any reserve or fund representing unrealised profits, may be applied only in paying up in full shares of the company that are to be allotted and distributed as fully paid up, and (ii) where the amount capitalised is applied in paying up in full unissued shares, the Company will also be entitled to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of members to the distribution will be calculated accordingly. The Board may authorise any person to enter into an agreement with the Company on behalf of the persons entitled to participate in the distribution and the agreement shall be binding on those persons.

(xii) *Distribution of realised capital profits*

- (a) The Board shall establish a reserve to be called the "capital reserve" and shall either carry to the credit of such reserve from time to time, or apply in providing for depreciation or contingencies, all surpluses arising on the realisation of investments. Any losses arising on the realisation of the investments shall be carried to the debit of the capital reserve except in so far as the Board may in its discretion decide to make good the same out of other funds of the Company.
- (b) The Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other. The Board may determine whether any cost, liability or expense (including any costs incurred or sums expended in connection with the management of the assets of the company or any interest charge) is to be treated as a cost, liability or expense chargeable to capital or to revenue or partly one and partly the other, having regard, inter alia, to the investment objectives of the Company, and to the extent the board determines that any such cost, liability or expense should reasonably and fairly be apportioned to capital, the board may debit or charge the same to the capital reserve.
- (c) All sums carried and standing to the capital reserve may be applied for any of the purposes to which sums standing to any reserve of the Company are applicable.

- (d) For the avoidance of doubt, any surplus or reserve arising on a reduction of capital or share premium account of the Company shall, subject to the provisions of the 2006 Act and the rights attached to the Subscription Shares (if any), be profits of the Company available for distribution.

(xiii) *Uncertificated Shares*

- (a) Pursuant and subject to the Uncertificated Securities Regulations, the Board may permit title to shares of any class to be evidenced otherwise than by a certificate and title to shares of such a class to be transferred by means of a relevant system and may make arrangements for a class of shares (if all shares of that class are in all respects identical) to become a participating class. Title to shares of a particular class may only be evidenced otherwise than by a certificate where that class of shares is at the relevant time a participating class. The Board may also, subject to compliance with the Uncertificated Securities Regulations, determine at any time that title to any class of shares may from a date specified by the Board no longer be evidenced otherwise than by a certificate or that title to such a class shall cease to be transferred by means of any particular relevant system.

- (b) In relation to a class of shares which is a participating class and for so long as it remains a participating class, no provision of these Articles shall apply or have effect to the extent that it is inconsistent in any respect with:

- (i) the holding of shares of that class in uncertificated form;
- (ii) the transfer of title to shares of that class by means of a relevant system; and
- (iii) any provision of the Uncertificated Securities Regulations,

and, without prejudice to the generality of this Article, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering up by the operator, so long as that is permitted or required by the Uncertificated Securities Regulations of an operator register of securities in respect of that class of Shares in uncertificated form.

- (c) Shares of a class which is, at the relevant time, a participating class may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the Uncertificated Securities Regulations.

- (d) If, under these Articles or the 2006 Act, the Company is entitled to sell, transfer or otherwise dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over an uncertificated share, then, subject to these Articles and the 2006 Act, such entitlement shall include the right of the Board to:

- (i) require the holder of that uncertificated share by notice in writing to change that share from uncertificated to certificated form within such period as may be specified in the notice and keep it as a certificated share for as long as the Board requires;
- (ii) appoint any person to take such other steps, by instruction given by means of a relevant system or otherwise, in the name of the holder of such share as may be required to effect the transfer of such share and such steps shall be as effective as if they had been taken by the registered holder of that share; and
- (iii) take such other action that the Board considers appropriate to achieve the sale, transfer, disposal, forfeiture, re-allotment or surrender of that share or otherwise to enforce a lien in respect of that share.

- (e) Unless the Board otherwise determines, Shares which a member holds in uncertificated form shall be treated as separate holdings from any Shares which that member holds in certificated form. However Shares held in uncertificated form shall not be treated as forming a class which is separate from certificated Shares with the same rights.

- (f) Unless the Board otherwise determines or the Uncertificated Securities Regulations otherwise require, any Shares issued or created out of or in respect of any uncertificated Shares shall be uncertificated

Shares and any Shares issued or created out of or in respect of any certificated Shares shall be certificated Shares.

- (g) The Company shall be entitled to assume that the entries on any record of securities maintained by it in accordance with the Uncertificated Securities Regulations and regularly reconciled with the relevant Operator register of securities are a complete and accurate reproduction of the particulars entered in the Operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance on such assumption; in particular, any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

(xiv) *Untraced Shareholders*

- (a) The Company may sell any certificated Shares in the Company on behalf of the holder of, or person entitled by transmission to, the Shares at the best price reasonably obtainable at the time of the sale if:
  - (i) the Shares have been in issue either in certificated or uncertificated form throughout the qualifying period and at least three cash dividends have become payable on the Shares during the qualifying period;
  - (ii) no cash dividend payable on the Shares has either been claimed by presentation to the paying bank of the relevant cheque or warrant or been satisfied by the transfer of funds to a bank account designated by the holder of, or person entitled by transmission to, the Shares or by the transfer of funds by means of a relevant system at any time during the relevant period;
  - (iii) so far as any Director of the Company at the end of the relevant period is then aware, the Company has not at any time during the relevant period received any communication from the holder of, or person entitled by transmission to, the Shares; and
  - (iv) the Company has caused two advertisements to be published, one in a newspaper with a national circulation and the other in a newspaper circulating in the area in which the last known postal address of the holder of, or person entitled by transmission to, the Shares or the postal address at which service of notices may be effected under these articles is located, giving notice of its intention to sell the Shares and a period of three months has elapsed from the date of publication of the advertisements or of the last of the two advertisements to be published if they are published on different dates.
- (b) The Company shall also be entitled to sell at the best price reasonably obtainable at the time of sale any additional certificated shares in the Company issued either in certificated or uncertificated form during the qualifying period in right of any share to which paragraph 4.1(a)(xiv) applies (or in right of any share so issued), if the criteria in paragraph 4.1(a)(xiv)(a)(ii) to (iv) are satisfied in relation to the additional shares.

(xv) *Duration of Company*

At the 2016 Annual General Meeting and, if the Company has not been liquidated, unitised or reconstructed, at each fifth AGM of the Company convened by the Board thereafter, the Board shall propose an ordinary resolution that the Company should continue as an investment trust. If any such ordinary resolution is not passed, the Board shall draw up proposals for the voluntary liquidation, unitisation or other reorganisation of the Company for submission to the members of the Company at an extraordinary general meeting to be convened by the Board for a date not more than three months after the date of the meeting at which such ordinary resolution was not passed. The Board shall ensure that such proposals for the liquidation, unitisation or reconstruction of the Company as are approved by special resolution are implemented as soon as is reasonably practicable after the passing of such resolution.

## **5. Mandatory Bids, Squeeze-Out and Sell-Out Rules Relating to the Ordinary Shares**

(a) *Mandatory Bid*

The City Code on Takeovers and Mergers (the “**City Code**”) applies to the Company. Under Rule 9 of the City Code, if:

- (i) a person acquires an interest in shares in the Company which, when taken together with shares already held by him or persons acting in concert with him, carry 30% or more of the voting rights in the Company; or
- (ii) a person who, together with persons acting in concert with him, is interested in not less than 30% and not more than 50% of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquiror and, depending on the circumstances, his concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for any interests in the Ordinary Shares by the acquiror or his concert parties during the previous 12 months.

(b) ***Compulsory Acquisition***

Under sections 974 – 991 of the 2006 Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90% of the shares (in value and by voting rights) to which such offer relates, it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

In addition, pursuant to section 983 of the 2006 Act, if an offeror acquires or agrees to acquire not less than 90% of the shares (in value and by voting rights) to which the offer relates, any holder of shares to which the offer relates who has not accepted the offer may require the offeror to acquire his shares on the same terms as the takeover offer.

The offeror would be required to give any holder of shares notice of his right to be bought out within one month of that right arising. Sell-out rights cannot be exercised after the end of the period of three months from the last date on which the offer can be accepted or, if later, three months from the date on which the notice is served on the holder of shares notifying them of their sell-out rights. If a holder of shares exercises his/her rights, the offeror is bound to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

**6. Valuation**

The NAV per Ordinary Share is calculated each Business Day by the Manager. For the purposes of calculating the NAV per Ordinary Share, the Company's listed investments are valued at bid prices. Where trading in the securities of an investee company is suspended, the investment is valued at the Board's estimate of its net realisable value. Where premia are payable by foreign investors, the market value, for the purpose of the financial statements, includes the premium.

The Company does not currently have any unlisted investments, however, any unlisted investments would be valued by the Board. In making its valuations in relation to unlisted investments, the Board would take into account, where appropriate, latest dealing prices, valuations from reliable sources, asset values and other relevant factors. The Board is able to delegate the valuation of any unlisted investments to the members of the fair value committee or their delegate.

The fair value committee comprises representatives from Investment Management, Investment Administration, Head Traders and Corporate and Oversight and receives guidance and briefings from Chief Investment Officers and Specialist Experts as selected from time to time. The fair value committee regulates the fair value policies, including (but not limited to) determining a value of a single security due to a price being unavailable as a result of a corporate action, being unlisted or suspended and determining valuations for markets as a whole due to the prices being unreliable or out of date as at the valuation point of the funds.

The calculation of the NAV per Ordinary Share will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

Contracts for Difference are valued as the difference between the settlement price of the contract and the value of the underlying shares in the contract (unrealised gains or losses).

## 7. Borrowing

Subject to the 2006 Act, the Articles and to any directions given to the Company in a general meeting, the Directors shall manage the Company's business and can use all the Company's powers. In particular, the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

As noted at paragraph 4(A)(ix) above, the Directors shall restrict the borrowings of the Company and exercise all voting and other rights, powers of control or rights of influence exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (so far, as regards subsidiary undertakings, as by such exercise they can secure) that the aggregate amount for the time being remaining outstanding of all moneys borrowed by the Company and any such subsidiary undertakings and for the time being owing to persons outside the Company and any such subsidiary undertakings shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to twice the adjusted capital and reserves (as defined in the Articles).

The Company gears through the use of long CFDs, which the Board and the Manager believe provide more flexibility at a lower cost than traditional borrowing.

## 8. Interests of Directors, Major Shareholders and Related Party Transactions

### (a) Directors' Interests

As at 21 October 2016 (being the latest practicable date before the publication of this Prospectus), the Directors had a beneficial interest in the following number of Ordinary Shares and will, if the Bonus Issue is approved, have a beneficial interest in the following number of Subscription Shares:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of issued ordinary share capital</i>	<i>Number of Subscription Shares to be issued under the Bonus Issue</i>	<i>% of subscription share capital</i>
Kate Bolsover ( <i>Chairman</i> )	15,250	0.023%	3,050	0.023%
Timothy Scholefield	10,000	0.015%	2,000	0.015%
Philip Smiley	2,500	0.004%	500	0.004%
Grahame Stott	20,000	0.030%	4,000	0.030%
Michael Warren	4,000	0.006%	800	0.006%

None of the connected persons of the Directors hold a beneficial interest in any Ordinary Shares.

Save as disclosed above, immediately following Admission no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

(b) **Directors' Contracts with the Company**

- (i) None of the Directors provides his services to the Company pursuant to a service contract with the Company; their appointments are subject to the terms of their letters of appointment.

Kate Bolsover is engaged by the Company as a non-executive Director. Ms Bolsover commenced in that office on 1 January 2010.

Timothy Scholefield is engaged by the Company as a non-executive Director. Mr Scholefield commenced in that office on 30 September 2015.

Philip Smiley is engaged by the Company as a non-executive Director. Mr Smiley commenced in that office on 1 January 2010.

Grahame Stott is engaged by the Company as a non-executive Director. Mr Stott commenced in that office on 24 September 2013.

Michael Warren is engaged by the Company as a non-executive Director. Mr Warren commenced in that office on 29 September 2014.

- (ii) In the financial year ended 31 July 2016, Kate Bolsover received a Director's fee of £29,000, Grahame Stott received a Director's fee of £24,000 and Philip Smiley, and Michael Warren each received a Director's fee of £22,000. Timothy Scholefield received a fee of £18,418 (appointed 30 September 2015) The Directors were not paid any amount of remuneration by way of benefits in kind, pensions contributions or any contingent or deferred compensation by the Company for their services in all capacities to the Company. Accordingly, there are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits to the Directors.
- (iii) The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director of the Directors collectively.

(c) **Other Interests**

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

*Kate Bolsover:*

*Current directorships:* Tomorrow's People Limited, Tomorrow's People Enterprises Limited, Tomorrow's People Trust Limited, Tomorrow's People (Services) Limited, Montanaro UK Smaller Companies Investment Trust.

*Past directorships:* JP Morgan American Investment Trust

*Timothy Scholefield:*

*Current directorships:* F&C Capital and Income Trust PLC

*Philip Smiley:*

*Current directorships:* The Endowment Fund SPC, Arisaig India Fund, Emerging Beachfront Land Investment Fund GP, PXP Vietnam Emerging Equity Fund Limited

*Grahame Stott:*

*Current directorships:* China Motor Bus Co. Ltd.

*Past directorships:* Jelf Group PLC

*Michael Warren:*

*Current directorships:* Carrington Investments, Livingbridge LLP, Liontrust Panthera PLC.

*Past directorships:* Vindependents

- (d) None of the Directors, members of any administrative, management and supervisory body, nor any senior manager has any potential conflict of interest between any duties to the Company and to his private interest or to any other duties.
- (e) In the five year period prior to the date of this Prospectus, none of the Directors:
- (i) had any convictions in relation to fraudulent offences;
  - (ii) was 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; or
  - (iii) received any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and has not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.
- (f) **Major Shareholders**
- (i) As at 21 October 2016 (being the latest practicable date before publication of this Prospectus) insofar as known to the Company, the following parties had declared a notifiable interest in the Company's voting rights (under the Disclosure and Transparency Rules):

<i>Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of voting rights</i>
Fidelity Platform Investors	10,433,259	15.46
Wells Capital Management	7,991,219	11.84
Lazard Asset Management	5,632,100	8.35
Hargreaves Lansdown	3,029,334	4.49
City of London Investment Management	2,905,289	4.30
Charles Stanley	2,465,463	3.65

- (ii) All Shareholders have the same voting rights in respect of the share capital of the Company.
  - (iii) The Company and the Directors are not aware of any person, who directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
  - (iv) The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- (g) **Related Party Transactions**
- Save for the AIFM Agreement (described in paragraph 11(a) of this Part V), the Company was not a party to, nor had any interest in, any related party transaction at any time during the three financial years to 31 July 2014, 2015 and 2016 or during the period 1 August 2016 to 21 October 2016 (being the latest practicable date before publication of this Prospectus).

(h) **Other Material Interests**

The Company is receiving legal and corporate brokerage services from Charles Russell Speechlys LLP and Stifel Nicolaus Europe Limited respectively, in addition to certain administrative services from third parties in connection with the Bonus Issue. The legal advisers and corporate brokers each act for many other clients, including others in the investment funds sector and, on occasion, the professional advisers may face conflicts of interest as a result of acting both for the Company and such other clients. In the event of a conflict of interest, the legal advisers and corporate brokers will take such reasonable steps to ensure it is resolved fairly.

Stifel Nicolaus Europe Limited (“**Stifel**”) is authorised and regulated by the FCA and is acting exclusively for the Company as retained corporate broker and for no one else in connection with any matters referred to herein. Stifel will not be responsible to anyone other than the Company for providing the protections afforded to its clients. No liability whatsoever is accepted by Stifel for the accuracy of any information or opinions contained in this document or for the omission of any material information for which it is not responsible.

The Manager, the Secretary, 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. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

**9. Share Options and Share Scheme Arrangements**

Subject to the Subscription Share Rights attaching to the Subscription Shares, no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.

**10. Investment Restrictions**

The Company is subject to the Listing Rules which apply to closed-ended investment funds.

As required under Listing Rule 15.4.2, the Company will at all times invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with its published Investment Policy as set out on pages 33 to 34 of this Prospectus.

In accordance with Listing Rule 15.2.3A, the Company (and, if applicable, any subsidiary undertakings) will not conduct any trading activity which is significant in the context of the Company and any such subsidiary undertakings as a whole, but this rule does not prevent the businesses forming part of the Company’s investment portfolio from conducting trading activities themselves.

In addition, in order to comply with Listing Rule 15.2.5, the Company will not invest more than 10%, in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in other closed-ended investment funds admitted to the Official List (save to the extent that those closed-ended investment funds have stated investment policies to invest no more than 15% of their gross assets in such other closed-ended investment funds).

In order to gain approval as an investment trust under Chapter 4 of Part 24 of the Tax Act, the Company is required (amongst other requirements) to:

- demonstrate that its business consists of investing its funds in shares, land or other assets with the aim of spreading investment risk;
- retain not more than 15% of its income (from all sources) for each accounting period (or, if higher, accumulated revenue losses brought forward from previous accounting periods or an amount of income that the Company is required to retain by law).

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 an announcement via a Regulatory Information Service.

## 11. Material Contracts

Save as described below, the Company has not (i) entered into any material contracts (other than contracts in the ordinary course of business) within the two years immediately preceding the publication of this Prospectus; or (ii) entered into any contracts that contain provisions under which the Company has any obligation or entitlement that is material to the Company as at the date of this Prospectus.

In order to comply with the AIFMD as implemented by the UK AIFMD Rules, the Company has in place the following three contracts: the AIFM Agreement with FIL Investment Services (UK) Limited (**FISL**); the Depositary Agreement where the parties are the Company, the AIFM and the Depositary; and the Global Custody Agreement where the parties are the Company, the AIFM, the Depositary and the Custodian.

### (a) *AIFM Agreement*

The Company entered into an AIFM Agreement on 22 July 2014, which was made between the Company and FISL, on substantially the same terms as the preceding management agreement, save to the extent that amendments were required to comply with the AIFMD.

Under the terms of the AIFM Agreement, FISL agrees to provide investment management services on a tiered pricing structure. The Company pays 0.90% per annum (exclusive of VAT) on the first £200 million of Gross Assets, and 0.85% (exclusive of VAT) on Gross Assets over £200 million. The investment management fee was changed from a flat fee of 1.00% per annum to the tiered structure set out above with effect from 1 August 2016. Fees are calculated and paid quarterly.

In addition to acting as AIFM, FISL is responsible for the provision of company secretarial services, for which the Company pays FISL a secretarial and administration fee which since 1 August 2015 is fixed at £75,000 per annum (2015: £42,000) payable quarterly in arrears.

The notice period by either party is six months. The AIFM Agreement can, however, be terminated without compensation if the Company is liquidated pursuant to the procedures laid down in the Articles regarding the Company's continuation. The AIFM Agreement can also be terminated forthwith as a result of a material breach of the AIFM Agreement or on the insolvency of the Manager.

Contemporaneously on entering into the contract with the Company for the provision of AIFM, management and company secretarial services, FISL has entered into a contract with the Manager delegating portfolio management and the provision of company secretarial services.

The Manager also provides certain other services such as marketing and administration, including connection with the Fidelity Platform Investors. Fees payable in respect of these services for the financial year ended 31 July 2016 were £122,000 (2015: £101,000).

### (b) *The Global Custody Agreement*

In order to comply with the AIFMD, the Company entered into a new Global Custody Agreement on 22 July 2014 with J.P. Morgan Europe Limited, the AIFM and JPMorgan Chase Bank, NA (London Branch). Under the terms of the Global Custody Agreement, JPMorgan Chase Bank, NA (London Branch) is appointed Custodian and is entrusted with the safe custody of the assets of the Company. In particular, it carries out all usual duties relating to cash and securities and, in addition, could delegate such duties to sub-custodians. The Custodian was to use reasonable care in the selection and appointment of sub-custodians.

The following sub-custodians hold stock on behalf of the Company:

<i>Country</i>	<i>Name of sub-custodian</i>	<i>Regulatory status of sub-custodian Regulated by:</i>
Australia	JPMorgan Chase Bank NA	The Australian Securities and Investments Commission (ASIC), ASX Limited and the Reserve Bank of Australia (RBA)
China Shanghai	HSBC Bank (China) Company Limited	China Securities Regulatory Commission (CSRC)
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited	The Securities and Futures Commission (SFC)
India	The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank	Securities & Exchange Board of India (SEBI) and Reserve Bank of India (RBI)
Indonesia	Deutsche Bank	The Capital Market Supervisory Agency (BAPEPAM) and Bank Indonesia
Korea	Standard Chartered First Bank Korea Limited	The Ministry of Strategy and Finance (MoSF) and the Financial Services Commission (FSC)
Malaysia	HSBC Bank Malaysia Berhad	The Securities Commission (SC) and BURSA Malaysia
New Zealand	National Australia Bank Limited	The Securities Commission, the Overseas Investment Commission, the Commerce Commission, the NZX Executive, the Bankers Association and the RBNX
Philippines	The Hongkong and Shanghai Banking Corporation Limited	The Securities and Exchange Commission (SEC) and Bangko Sentral ng Pilipinas Monetary Board
Singapore	DBS Bank Ltd	The SGX and the Monetary Authority of Singapore (MAS)
Taiwan	JPMorgan Chase Bank NA	Financial Supervisory Commission (FSC)
Thailand	Standard Chartered Bank (Thai) Public Company Limited	The Ministry of Finance (MoF), The Securities Exchange Commission (SEC), The Stock Exchange of Thailand (SET) and The Bank of Thailand (BOT)
UK	JPMorgan Chase Bank NA	The Financial Services Authority (FSA)
USA	JPMorgan Chase Bank NA	The Securities and Exchange Commission (SEC)

The Global Custody Agreement can be terminated by either party upon giving sixty days' notice in writing to the other party. The Global Custody Agreement is subject to earlier termination by the Company or the Custodian in the event of the other party's liquidation or un-remedied material breach of contract, and by the Company in the event of the Custodian ceasing to be authorised by the Financial Conduct Authority or ceasing to maintain other appropriate authorisations or permissions.

The Company pays and the Custodian receives a fee for its services under the Custody Agreement, together with the Custodian's reasonable out-of-pocket or incidental expenses. The amount, as may be agreed upon in writing, is only be increased by the Custodian upon giving at least 30 days' written notice to the Company. The fee payable in respect of these services for the financial year ended 31 July 2016 was £87,000, having been reduced from £96,000 in the previous financial year ended 31 July 2015.

Under the Global Custody Agreement, the Custodian accepts liability for direct damages from fraud, negligence or wilful misconduct. It is also liable for direct losses incurred from the failure of a Sub-custodian to use reasonable care in the provision of custodial services, the fraud or wilful misconduct of such Sub-custodian. For non-Affiliate Sub-custodians, the Custodian will not be liable for their insolvency.

(c) ***Depository Agreement***

The Company has appointed J. P. Morgan Europe Limited as the Depository. Under the Depository Agreement, J.P. Morgan Europe Limited has oversight, cash monitoring and safekeeping of assets responsibilities. It has strict liability in relation to financial instruments and is liable for negligence and wilful default. The agreement is terminable on ninety days' notice. The Depository Agreement is subject to earlier termination if either party goes into liquidation, there is an unremedied material breach of the contract or the AIFM of the depository ceases to hold any necessary regulatory permission.

J.P. Morgan Europe Limited is able to delegate safekeeping to another person provided it follows the requirements of the UK AIFMD Rules, which include that the delegation is for objective reasons and that the depository undertakes due diligence and monitoring of the delegate.

The Depository is entitled to an annual fee for providing the Depository services, which in the financial year ending 31 July 2016 was £22,000, reduced from £23,000 in the financial year ending 31 July 2015.

(d) ***Registrars Agreement***

The Registrar is responsible for providing share registration services to the Company under the terms of a registrars agreement. These services include (but are not limited to): the maintenance of the Company's register of members; the maintenance of the Corporate Portal that provides the Company with remote online access to the share register and analysis tools; and the provision of the Shareholder Web Portal.

The Company has agreed to pay quarterly fees, together with any expenses and disbursements, to the Registrar in consideration for the services received. The annual fee is based on the number of holders on the register of members from time to time and includes charges for the provision of the Corporate Portal and the Shareholder Web Portal. The most recent annual fees of the Registrar for registrar services were £38,000 for the financial year ending 31 July 2016.

Fees may be increased by the Registrar upon 30 days' written notice to the Company. The revised fee will apply from the expiry of the 30 day period.

## **12. UK Taxation**

(a) ***Introduction***

The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and 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 resident and domiciled for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Shares.

The information contained in this Prospectus relating to taxation matters is a summary of the taxation matters which the Directors consider should be brought to the attention of Shareholders and is based upon the law and practice currently in force and is subject to changes therein. All Shareholders, and in particular those who are in any doubt about their tax position, or who are resident, domiciled or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of holding, transferring or otherwise disposing of Subscription Shares or exercising the Subscription Share Rights under the laws of their country and/or state of citizenship, domicile or residence.

(b) ***The Company***

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies and continues to satisfy the conditions necessary for it to be approved by HMRC as an investment trust under Chapter 4 of Part 24 of the Tax Act. However, neither the Manager nor the Directors can guarantee that this approval will be maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company. The Directors consider that the Company should not be a close company immediately following the issue of the Subscription Shares pursuant to the Bonus Issue. 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. 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.

(c) ***Shareholders***

(i) For the purposes of United Kingdom capital gains tax and corporation tax on chargeable gains ("CGT"), the receipt of the Subscription Shares arising from the Bonus Issue will be a re-organisation of the share capital of the Company. Accordingly, the Subscription Shares will be treated as the same asset as the Shareholder's holding of Ordinary Shares and as having been acquired at the same time as the Shareholder's holding of Ordinary Shares was acquired. As a result of the Bonus Issue the Shareholder's original base cost in his or her Ordinary Shares will be apportioned between his or her Ordinary Shares and the Subscription Shares by reference to their respective market values on the day on which the Subscription Shares are admitted to trading on the London Stock Exchange's market for listed securities. That is to say, the base cost of such a Shareholder's Ordinary Shares is deemed to be the actual base cost to the Shareholder of those Ordinary Shares multiplied by a fraction whose numerator is A and whose denominator is (A+B), where A is the market value of the Ordinary Shares on the day on which the Subscription Shares are admitted to trading, and B is the market value of the Subscription Shares on the same date. The base cost of the Subscription Shares is deemed to be the actual base cost of the Ordinary Shares less the deemed base cost of the Ordinary Shares calculated as described above.

On the exercise of the right to convert any Subscription Shares into Ordinary Shares, the Ordinary Shares issued pursuant to the Subscription Share Rights will be treated as the same asset as the Subscription Shares in respect of which the Subscription Share Rights are exercised. The base cost of each such Ordinary Share will be the deemed base cost of the Subscription Share that it replaces, calculated as described above, plus the applicable Subscription Price.

(ii) ***Taxation of capital gains***

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax at the rate of 10% if they are basic rate taxpayers or 20% if they are higher or additional rate taxpayers in respect of any gain arising on a disposal or deemed disposal of their Ordinary Shares or Subscription Shares. No indexation allowance will be available to such Shareholders. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,100 for the tax year 2016-2017.

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).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their Shares. The indexation allowance

may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

Capital losses realised on a disposal of Ordinary Shares or Subscription Shares must be set as far as possible against chargeable gains for the same tax year (or accounting period in the case of a Corporate Shareholder), even if this reduces an individual Shareholder's total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his death.

(iii) *Taxation of dividends*

Under current tax law, the Company will not be required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK for tax purposes and who receives a dividend from the Company will be liable to income tax based on their personal circumstances at 7.5% (the basic rate tax band), 32.5% (the higher rate tax band) or 38.1% (the additional rate tax band) on any such dividend, subject to a £5,000 tax free dividend allowance. Any such dividend, will be treated as the top slice of the individual's income for UK income tax purposes.

A corporate Shareholder who is resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its Shares are held will be subject to UK corporation tax on the gross amount of any dividends paid by the Company, unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is anticipated that dividends paid on the Shares to UK resident corporate Shareholders would generally (subject to anti-avoidance rules) fall within one of those exempt classes, however, such Shareholders are advised to consult their independent professional tax advisers to determine whether such dividends will be subject to UK corporation tax.

A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. It is particularly important that Shareholders who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.

(iv) *Stamp duty and stamp duty reserve tax*

Transfers on the sale of Ordinary Shares or Subscription Shares will generally be subject to UK stamp duty at the rate of 0.5% of the consideration given for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer Ordinary Shares or Subscription Shares will normally give rise to a charge to stamp duty reserve tax ("**SDRT**") at the rate of 0.5% 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 or Subscription Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% 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.

Where Ordinary Shares or Subscription Shares are issued or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT may be payable at the higher rate of 1.5 per cent, of the amount or value of the consideration given or, in certain circumstances, the value of the Ordinary Shares or the Subscription Shares. This liability for stamp duty or SDRT will strictly be payable by the clearance service or depositary receipt operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt scheme.

However, following the First-tier Tribunal decision in *HSBC Holdings PLC and The Bank of New York Mellon Corporation v HMRC* [2012] UKFTT 163 (TC) (and the European Court of Justice decision in *HSBC Holdings PLC v HMRC* (Case C-569/07)), on 27 April 2012 HMRC issued a note stating that it will no longer seek to impose the 1.5% SDRT charge on issues of UK shares and securities to depositary receipt issuers and clearance services anywhere in the world. HMRC consider though that the 1.5 per cent SDRT charge will still apply to transfers of shares and securities to depositary receipt issuers or clearance services that are not an integral part of an issue of share capital.

(v) *ISAs*

The Subscription Shares and the Ordinary Shares arising on the exercise of the Subscription Share Rights should be eligible to be held in an ISA, subject to applicable annual subscription limits (£15,240 from 6 April 2016). Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Subscription Shares or Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. The Subscription Price paid upon any exercise of the right to convert Subscription Shares into Ordinary Shares would contribute towards the annual subscription limit in the year in which the Subscription Share Right was exercised, unless the Subscription Price were paid out of cash already within the Shareholder's ISA. Sums received by a Shareholder on a disposal of Subscription Shares or Ordinary Shares would not count towards the Shareholder's annual limit; but a disposal of Subscription Shares or Ordinary Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year. Individuals wishing to invest in Subscription Shares through an ISA should contact their professional advisers regarding their eligibility.

(vi) *Self-Invested Personal Pensions (SIPPs)*

The Ordinary Shares and Subscription Shares in the Company shall constitute permitted investments for SIPPs.

### 13. Corporate Governance

The Company is committed to high standards of corporate governance. The Board has put in place a framework for corporate governance which it believes is suitable for an investment trust and which will enable the Company to comply with the UK Corporate Governance Code and the AIC Code. Save as disclosed below, the Company complies with the best practice provisions of the UK Corporate Governance Code and the AIC Code.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Corporate Governance Guide and in the preamble to the UK Corporate Governance Code, the Board considers that these provisions are not relevant to the Company, being an externally managed investment company.

Philip Smiley was appointed by the Board as Senior Independent Director on 30 November 2015.

The Board, currently chaired by Kate Bolsover, consists of five non-executive Directors, all of whom are regarded by the Board as independent of the Manager, including the Chairman.

All appointments to the Board and replacements of Directors take place in accordance with the 2006 Act and the Company's Articles. The Nomination and Remuneration Committee is responsible for identifying possible candidates for consideration by the Board. Whilst the independent Directors take the lead in the appointment of new Directors, any proposal for a new Director will be discussed and approved by the entire Board. External consultants are also used to identify potential candidates.

(a) ***The Audit Committee***

The Audit Committee consists of all of the independent Directors and is chaired by Grahame Stott. The Committee considers that collectively the members of the Committee have sufficient recent and relevant financial experience to discharge its responsibilities fully.

The Committee's authority and duties are clearly defined in its written terms of reference which are available for inspection at the Company's registered office and are included on the Company's pages of the Manager's website ([www.fidelityinvestmenttrusts.com](http://www.fidelityinvestmenttrusts.com)). These include responsibility for reviewing the half-yearly financial statements and annual reports and financial statements, reviewing the scope and results of the audit and the effectiveness and cost of the audit process and reviewing the Company's internal financial controls. They also include responsibility for reviewing and monitoring the external Auditor's independence and objectivity with particular regard to the provision of non-audit services taking into consideration relevant UK professional and regulatory requirements. No work other than the audit was carried out by the Company's Auditor during the year ended 31 July 2016.

The Audit Committee of the Board meets at least three times a year and with the Auditor at least once a year to review these and other appropriate matters.

In the year to 31 July 2016, the Audit Committee discharged its responsibilities by, amongst other things, reviewing:

- the Company's risk management and internal controls framework;
- the Company's compliance with its investment policy limits;
- the Depositary's oversight report;
- the Company's revenue and expenses forecasts and its Balance Sheet;
- the Company's terms of reference;
- Consideration of the independent Auditor's findings;
- Review of the Auditor's performance, independence and appointment;
- Review of compliance with Corporate Governance and regulatory requirements;
- Review of the Annual Report and Financial Statements and recommendation of its approval to the Board;
- Recommendation of the final dividend payment to the Board;
- Review of the effectiveness of the Committee;
- Review of the Half-Yearly Report and Financial Statements and recommendation of its approval to the Board; and
- Review of the Auditor's engagement letter and audit plan for the Company's year ending 31 July 2016.

(b) ***The Nomination Committee***

The Nomination Committee consists of all of the Directors (as there is no reason to exclude any Director) and is chaired by Kate Bolsover. The Committee is charged with nominating new Directors for consideration by the Board of Directors, and subsequent approval by Shareholders. It believes that the best way of ensuring that the Board as a whole and each independent Director individually carry out their duties in an independent manner, irrespective of the interests of the Manager, is to ensure that the search for, the interview of and recommendation to the Board of a candidate is entirely controlled by this Committee. As part of this process, external consultants are used to identify potential candidates. No such consultant was used during the year to 31 July 2016. The Nomination and Remuneration Committee also considers the re-election of Directors who are retiring by rotation.

There is a formal and transparent process for the appointment of new Directors to the Board. The Committee carries out its candidate search against a set of objective criteria, with due regard for the benefits of diversity on the Board, including gender. New Directors are appointed on the basis of merit.

This Committee meets on an annual basis and as and when required. The Committee has written terms of reference and is responsible, amongst other things, for identifying and nominating, for the approval to the Board, candidates to fill Board vacancies taking into account the need to maintain a balanced Board. Only the independent Directors on the Committee vote on the recommendation of candidates for appointments as new Directors. Care is taken to ensure that appointees have enough time to devote to the role.

(c) ***The Management Engagement Committee***

The Management Engagement Committee consists of all of the independent Directors and is chaired by Kate Bolsover. The Committee is charged with reviewing and monitoring the performance of the Manager in respect of its contract and the fees it is paid. This Committee meets at least once a year and reports to the Board of Directors, making recommendations where appropriate.

The Committee is responsible for reviewing the performance of the Manager and the terms of the Management Agreement to ensure that it is competitive and in the interests of shareholders; and making recommendations to the Board concerning any proposed amendments to the terms of the Management Agreement.

In reviewing the performance of the Manager, the Committee considers a range of factors including:

- Quality of team – the skills and particularly the experience of the team involved in managing all aspects of the Company’s business;
- Commitment of the Manager to the investment trust business generally and to the Company in particular;
- Managing the Company – in running and controlling the administration, the accounting and the Company Secretarial function of the Company;
- Investment management – portfolio management skills, experience and track record and other investment related considerations;
- Shareholders – shareholder relations, discount management and commitment to the Company’s goals;
- Management Agreement – consideration of fees, notice period and duties; and
- Marketing – commitment to and execution of activities designed to secure sustainable demand from prospective long term shareholders.

The Committee met and reviewed the performance of the Manager for the year to 31 July 2016. Having reviewed the criteria set out above, the Committee concluded that it was in the interests of the shareholders as a whole that the Management and Secretarial Services Agreement should continue.

The Committee’s terms of reference are available for inspection at the Company’s registered office and on the Company’s pages of the Manager’s website ([www.fidelity.co.uk/its](http://www.fidelity.co.uk/its)). Details of the Management Agreement appear at paragraph 11 of this Part V.

#### **14. Litigation**

There have been no governmental, legal or arbitration proceedings (and no such proceedings are pending or threatened of which the Company is aware) in the previous 12 months which may have, or have had in the recent past, significant effects on the Company's financial position or profitability. The Company has no subsidiaries.

#### **15. Third Party Information and Consents**

- (a) The Manager has given and not withdrawn its written consent to the issue of this Prospectus with the inclusion in it of references to its name in the form and context in which they appear.
- (b) In relation to information provided by third parties, the Company confirms that that 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.

#### **16. General**

- (a) The Company does not conduct any significant trading activity.
- (b) 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.
- (c) The most recent annual fees of the Auditor for audit services were £24,000.
- (d) The most recent annual fees of the Registrar for registrar services were £38,000.
- (e) Apart from the fees referred to in paragraphs (c) and (d) above, and the fees payable to the Manager, the Global Custodian and the Depository, all as disclosed in paragraphs 11(a), 11(b) and 11(c) respectively of this Part V there are no other material fees payable by the Company.
- (f) Where Subscription Shares are converted into Ordinary Shares, the total assets of the Company will increase by that number of Ordinary Shares multiplied by the relevant Subscription Price. It is not expected that there will be any material impact on the earnings and liabilities per Ordinary Share as the net proceeds resulting from any conversion are expected to be invested in a manner consistent with the investment objective and policy of the Company.
- (g) The typical investors for whom an investment in the Company is intended are professionally advised private investors, or institutional investors, seeking long term capital growth from investment in the Asian region excluding Japan. An investment in the Company may also be suitable for financially sophisticated private investors who are not professionally advised but 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 the FSMA before investing.

#### **17. Auditor**

The auditor of the Company for the financial years ended 31 July 2014 and 31 July 2015 was Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU. The auditor for the Company for the financial year ended 31 July 2016 was Ernst & Young LLP of 6 More London Place, London SE1 2DA.

#### **18. 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 Company's registered office and at 25 Cannon Street, London EC4M 5TA for so long as this Prospectus remains valid:

- (a) this Prospectus;
- (b) the Circular;
- (c) the current Articles of Association of the Company;

- (d) the New Articles;
- (e) the audited financial statements of the Company for the financial years ended 31 July 2014, 31 July 2015 and 31 July 2016 respectively;
- (f) the letters of appointment referred to in paragraph 8(b) above; and
- (g) the material contracts referred to in paragraph 11 above.

Dated: 26 October 2016

## PART VI

### DEFINITIONS

In this Prospectus the words and expression listed below have the meanings set out opposite them, except

<b>2006 Act</b>	the Companies Act 2006.
<b>Admission</b>	the admission of the Subscription Shares (i) to the standard segment of the Official List and (ii) to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange for securities admitted or seeking to be admitted to trading, as amended from time to time.
<b>AGM</b>	an annual general meeting of the Company.
<b>Annual General Meeting</b>	The AGM convened for 2 December 2016 at 25 Cannon Street, London EC4M 5TA or any adjournment thereof.
<b>AIC</b>	the Association of Investment Companies.
<b>AIC Code</b>	the Association of Investment Companies Code of Corporate Governance, as amended from time to time.
<b>AIFM</b>	Alternative Investment Fund Manager as that term is defined in the UK AIFMD Rules, which in relation to the Company is FISL.
<b>AIFM Agreement</b>	the agreement between the Company and the AIFM, dated 22 July 2014, for the provision of investment management, company secretarial, accounting and administrative services.
<b>AIFMD</b>	the Alternative Investment Fund Manager Directive 2011/61/EU as amended from time to time and the associated Level II Regulations.
<b>Articles</b>	the Articles of Association of the Company, as amended from time to time.
<b>Auditor</b>	Ernst & Young LLP.
<b>Board</b>	the Board of Directors of the Company or any duly constituted committee thereof.
<b>Bonus Issue</b>	the issue to Qualifying Shareholders of Subscription Shares on the basis of one Subscription Share for every five Existing Ordinary Shares held.
<b>Business Day</b>	any day on which banks are open for business in London (excluding Saturdays, Sundays and public holidays).
<b>Capita Asset Services</b>	a trading name of the Registrars.
<b>CFDs</b>	contracts for difference.
<b>Chairman</b>	the Chairman of the Company.
<b>Circular</b>	the circular being sent to Shareholders together with the Prospectus convening the Annual General Meeting.

<b>Collateral</b>	assets provided as security for the unrealised profits or losses under CFDs.
<b>Company</b>	Fidelity Asian Values PLC.
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Uncertificated Securities Regulations.
<b>Custodian</b>	JPMorgan Chase Bank, NA (London Branch) (formerly The Chase Manhattan Bank).
<b>Deferred Shares</b>	has the meaning given in paragraph 8(g)(vii) of Part IV.
<b>Depository</b>	a depository appointed in relation to the Company in accordance with Article 21 of the AIFMD, being J.P. Morgan Europe Limited, 25 Bank Street, London E14 5JP.
<b>Depository Agreement</b>	the agreement entered into between the Company, FISL and J.P. Morgan Europe Limited with effect from 22 July 2014.
<b>Directors</b>	the directors of the Company.
<b>Disclosure and Transparency Rules</b>	the disclosure rules made by the FCA under Part VI of the FSMA.
<b>EEA</b>	the European Economic Area.
<b>EEA State</b>	a member state of the EEA.
<b>Euroclear</b>	Euroclear UK & Ireland Limited, being the operator of CREST.
<b>Existing Ordinary Shares</b>	the Ordinary Shares in issue on the Record Date.
<b>Fair Value</b>	the fair value is the best measure of the realisable value of the investments, including derivatives, at a point in time.
<b>Fidelity Platform</b>	The platform maintained by Fidelity within which Fidelity ISA, Fidelity SIPP and Fidelity General Investment Account Shares are held
<b>Fidelity Platform Investors</b>	Investors in Fidelity ISAs, Fidelity SIPPs and Fidelity General Investment Accounts within the Fidelity Platform
<b>Final Subscription Date</b>	the last Business Day in November 2019, being the last date on which the exercise of Subscription Share Rights can take effect.
<b>Financial Conduct Authority or FCA</b>	Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part IV of FSMA or any successor authority.
<b>FISL</b>	FIL Investment Services (UK) Limited.
<b>Form of Proxy</b>	the form of proxy accompanying the Circular for use in connection with the Annual General Meeting by Shareholders.
<b>FSMA</b>	the Financial Services and Markets Act 2000.
<b>Global Custody Agreement</b>	the agreement between the Company, FISL, J.P. Morgan Europe Limited and the Custodian dated 22 July 2014.

<b>Gross Asset Exposure</b>	a measure of the Company's total equity exposure. It is calculated as the sum of all long exposures, after taking account of hedging positions and the absolute value of all short exposures.
<b>Gross Assets</b>	the Company's net assets plus borrowings.
<b>HMRC</b>	HM Revenue & Customs.
<b>Investment Policy</b>	the investment policy of the Company as determined by the Directors from time to time and published in the Company's annual report and financial statements.
<b>ISA</b>	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time).
<b>Listing Rules</b>	the listing rules issued by the UK Listing Authority.
<b>London Stock Exchange</b>	London Stock Exchange PLC.
<b>Manager</b>	FIL Investments International.
<b>NAV</b>	net asset value as calculated in accordance with the Company's accounting policies and the Articles or the value of the net assets per Ordinary Share, as the context requires.
<b>New Articles</b>	the Articles of Association of the Company as proposed to be adopted at the Annual General Meeting.
<b>Notice of Annual General Meeting</b>	the notice of the Annual General Meeting which is set out in the Circular.
<b>Official List</b>	Official List maintained by the UK Listing Authority.
<b>Ordinary Share or Shares</b>	an ordinary share of 25 pence each in the capital of the Company with ticker: FAS and ISIN: GB0003322319.
<b>Ordinary Shareholders</b>	a holder of Ordinary Shares.
<b>Overseas Shareholders</b>	Shareholders who are resident in territories outside the EEA.
<b>Prospectus</b>	this document.
<b>Prospectus Rules</b>	the rules and regulations made by the FCA under Part V of the FSMA (as amended from time to time).
<b>Qualifying Shareholders</b>	Shareholders whose names are entered on the Register at the close of business on the Record Date.
<b>Record Date</b>	the date on which Qualifying Shareholders' entitlements to the Bonus Issue will be assessed against the Register, expected to be 5.00 p.m. on 2 December 2016.
<b>Register</b>	the register of members of the Company.
<b>Registrars</b>	Capita Registrars Limited.

<b>Regulatory Information Service</b>	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange.
<b>Resolution</b>	the special resolution to be proposed at the General Meeting relating to the Bonus Issue and the adoption of the New Articles.
<b>Restricted Shareholders</b>	Overseas Shareholders who do not satisfy the Company that they may lawfully participate in the Bonus Issue.
<b>Secretary</b>	FIL Investments International.
<b>Securities Act</b>	the US Securities Act of 1933, as amended.
<b>Shareholder</b>	an Ordinary Shareholder and/or a holder of Subscription Shares, as the context requires.
<b>Shares</b>	the Ordinary Shares and/or the Subscription Shares, as the context requires.
<b>SSAS</b>	small self-administered pension scheme.
<b>SIPP</b>	self invested personal pension.
<b>Sterling</b>	lawful currency of the United Kingdom.
<b>Subscription Date</b>	any date on which the exercise of Subscription Share Rights can take effect, being the last Business Day of November in 2017, 2018 and 2019.
<b>Subscription Price</b>	the price at which the Subscription Share Rights are exercised in accordance with the rights attaching to the Subscription Shares (and subject to adjustment in accordance with those rights).
<b>Subscription Shareholders</b>	holders of Subscription Shares.
<b>Subscription Share Rights</b>	the right conferred by each Subscription Share to subscribe for one Ordinary Share as detailed in Part IV of this Prospectus and contained in the New Articles.
<b>Subscription Shares</b>	the subscription shares of 0.001 pence each in the capital of the Company with Ticker: FASS and ISIN: GB00BDQZJV55 to be issued pursuant to the Bonus Issue.
<b>Tax Act</b>	the Corporation Tax Act 2010.
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>UK AIFMD Rules</b>	the UK national laws, regulations and directly applicable EU regulations and guidance which implement AIFMD.
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code published by the Financial Reporting Council, as amended from time to time.
<b>UK GAAP</b>	United Kingdom Generally Accepted Accounting Principles.
<b>UK Listing Authority</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of admissions to the Official List.

<b>Uncertificated Securities Regulations</b>	the Uncertificated Securities Regulations 2001.
<b>US Investment Company Act</b>	The United States Investment Company Act of 1940, as amended.
<b>VAT</b>	UK value added tax.
<b>Voting Instruction Form</b>	the voting instruction form provided accompanying the Circular for use in connection with the Annual General Meeting by Fidelity Investors.





