

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT CONTAINS PROPOSALS RELATING TO POLAR CAPITAL GLOBAL FINANCIALS TRUST PLC (THE “COMPANY”) ON WHICH YOU ARE BEING ASKED TO VOTE. If you are in any doubt about the contents of this Circular or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other appropriately qualified financial adviser authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are in the United Kingdom, or another appropriately authorised financial adviser if you are in a territory outside the United Kingdom.**

**If you have sold or otherwise transferred all your holding of Shares in the Company, please send this Circular, together with the accompanying Form of Proxy (but not the enclosed personalised Tender Form), as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, neither this Circular nor any of the accompanying documents should be distributed, forwarded or transmitted in or into any of the Restricted Territories.**

Investec Bank plc, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no one else in connection with the Tender Offer and the contents of this Circular or any matter referred to herein, and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Investec Bank plc or for providing advice in relation to the Tender Offer and the contents of this Circular, or any matter referred to herein. Nothing in this paragraph shall serve to exclude or limit any responsibilities which Investec Bank plc may have under FSMA or the regulatory regime established thereunder.

Apart from the responsibilities and liabilities, if any, which may be imposed on Investec Bank plc by FSMA or the regulatory regime established thereunder, Investec Bank plc accepts no responsibility whatsoever for the contents of this Circular nor for any other statement made or purported to be made by it or on its behalf in connection with the Company or the Tender Offer. Investec Bank plc accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Circular or any such statement.

Investec Bank plc has given and not withdrawn its written consent to the references to its name in the form and context in which they are included in this Circular.

Polar Capital LLP has given and not withdrawn its written consent to the references to its name in the form and context in which they are included in this Circular.

Capitalised terms contained in this Circular shall have the meanings set out in pages 34 to 37 (Definitions) of this Circular, save where the context indicates otherwise.

**Shareholders should read this entire Circular and, in particular, Section IV of this Circular headed “Risks Associated with the Proposals” beginning on page 29 when considering the Tender Offer.**

---

# **POLAR CAPITAL GLOBAL FINANCIALS TRUST PLC**

*(incorporated and registered in England and Wales under number 08534332 and registered as an investment company under Section 833 of the Companies Act 2006)*

## **Tender Offer for Ordinary Shares**

**Amend the Articles of Association to extend the Company’s life indefinitely  
and provide for Subsequent Tender Offers**

**Amend the Existing Investment Management Agreement  
and amend the Investment Policy**

**and**

**Notice of General Meeting**

---

**The Proposals described in this Circular are conditional on the passing of the Resolution at the General Meeting, to be held at the offices of Polar Capital LLP, 16 Palace Street, London SW1E 5JD at 4.30 p.m. on Tuesday, 7 April 2020, as set out in the GM Notice (set out at the end of this Circular). Whether or not you propose to attend the General Meeting you are encouraged to complete and return the accompanying Form of Proxy. To be valid, the Form of Proxy must be completed and returned in accordance with the instructions printed thereon to the Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, as soon as possible and in any event not later than 4.30 p.m. on Friday, 3 April 2020.**

**Your attention is drawn to the section headed “Action to be Taken in Connection with the General Meeting” on page 15 of this Circular and the letter from the Chairman of the Company, set out on pages 5 to 15 of this Circular, which includes a recommendation from the Board that you vote in favour of the Resolution to be proposed at the General Meeting.**

***If you wish to tender Shares under the Tender Offer***

The Tender Offer will close at 2.00 p.m. on Monday, 6 April 2020 and will only be available to Shareholders on the Register at close of business on the Tender Offer Record Date of Monday, 6 April 2020.

The Tender Offer is not being made to Restricted Shareholders. In particular, the Tender Offer is not being made, directly or indirectly, in or into or by the use of mails by any means or instrumentality (including, without limitation, facsimile transmission, internet, telex and telephone) of interstate or foreign commerce, or any facility of a national securities exchange of the United States, nor is it being made directly or indirectly in or into any other Restricted Territory, and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within any Restricted Territory.

Enclosed with this Circular is a pink Tender Form for use by Shareholders holding Shares in certificated form. Shareholders holding Shares in certificated form who wish to tender Shares for purchase in the Tender Offer should ensure that their completed pink Tender Forms are returned to the Company’s Receiving Agent, by post in the accompanying reply-paid envelope (for use in the UK only) or by hand during normal business hours to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to arrive by no later than 2.00 p.m. on Monday 6 April 2020. Shareholders who hold their Shares in certificated form should also return their Share certificate(s) and/or other documents of title in respect of the Shares tendered.

Shareholders who hold Shares in uncertificated form (that is, in CREST) and who wish to tender Shares for purchase in the Tender Offer should not return a pink Tender Form but should transmit the appropriate TTE Instruction in CREST as set out in Part III of this Circular as soon as possible but in any event so as to be received by no later than 2.00 p.m. on Monday 6 April 2020, and arrange for the Shares tendered to be transferred into escrow as described in Part III of this Circular.

**If you do not wish to tender any of your Shares, do not complete a pink Tender Form or submit a TTE Instruction.**

## TABLE OF CONTENTS

<b>EXPECTED TIMETABLE OF EVENTS</b>	<b>4</b>
<b>PART I LETTER FROM THE CHAIRMAN</b>	<b>5</b>
1. INTRODUCTION AND BACKGROUND	5
2. BENEFITS OF THE PROPOSALS	8
3. THE COMPANY'S PERFORMANCE AND PROSPECTS	8
4. AMENDMENT TO THE EXISTING INVESTMENT MANAGEMENT AGREEMENT	9
5. CHANGES TO THE INVESTMENT POLICY	10
6. COMPOSITION OF THE BOARD	10
7. THE TENDER OFFER	10
8. AMENDMENTS TO THE ARTICLES OF ASSOCIATION	12
9. EXPENSES OF THE PROPOSALS	13
10. CONTINUATION CONDITIONS	13
11. RISK FACTORS	14
12. RESTRICTED SHAREHOLDERS AND OTHER OVERSEAS SHAREHOLDERS	14
13. GENERAL MEETING	15
14. ACTION TO BE TAKEN IN CONNECTION WITH THE GENERAL MEETING	15
15. RECOMMENDATION	15
<b>PART II LETTER FROM INVESTEC BANK PLC</b>	<b>16</b>
<b>PART III TERMS AND CONDITIONS OF THE TENDER OFFER</b>	<b>19</b>
<b>PART IV RISKS ASSOCIATED WITH THE PROPOSALS</b>	<b>29</b>
<b>PART V UK TAXATION</b>	<b>31</b>
<b>PART VI ADDITIONAL INFORMATION</b>	<b>32</b>
<b>DEFINITIONS</b>	<b>34</b>
<b>NOTICE OF GENERAL MEETING</b>	<b>38</b>

## EXPECTED TIMETABLE OF EVENTS

### GENERAL MEETING

2020

Latest time and date for receipt of Form of Proxies for the General Meeting	4.30 p.m. on Friday, 3 April
General Meeting	4.30 p.m. on Tuesday, 7 April
Announcement of results of the General Meeting	7.00 a.m. on Wednesday, 8 April

### TENDER OFFER

Latest time and date for receipt of pink Tender Forms and TTE Instructions in CREST for the Tender Offer	2.00 p.m. on Monday, 6 April
Tender Offer Record Date to participate in the Tender Offer	close of business on Monday, 6 April
Announcement of results of the Tender Offer	7.00 a.m. on Wednesday, 8 April
Calculation Date	close of business on Friday, 24 April
Announcement of the Tender Price	on or around Monday, 27 April
Repurchase of Shares pursuant to the Tender Offer	by Monday, 4 May
CREST accounts credited in respect of Tender Offer proceeds for uncertificated Ordinary Shares	by Tuesday, 12 May
Cheques despatched in respect of Tender Offer proceeds for certificated Ordinary Shares	by Tuesday, 12 May

The above times and dates are subject to the passing of the Resolution at the General Meeting and the satisfaction of the Continuation Conditions.

Each of the times and dates in the expected timetable above may be extended or brought forward without further notice. If any of the above times and/or dates change, the revised time(s) and/or date(s) will be notified to Shareholders by an RIS announcement. All references are to London time unless otherwise stated.

## PART I

### LETTER FROM THE CHAIRMAN

# POLAR CAPITAL GLOBAL FINANCIALS TRUST PLC

*(incorporated and registered in England and Wales under number 08534332 and registered as an investment company under Section 833 of the Companies Act 2006)*

*Directors:*

Robert Kyprianou (*Chairman*)  
Joanne Elliot  
Katrina Hart  
Simon Cordery

*Registered Office:*

16 Palace Street  
London  
SW1E 5JD  
United Kingdom

12 March 2020

Dear Shareholders

**Tender Offer for Ordinary Shares  
Amend the Articles of Association to extend the Company's life indefinitely  
and provide for Subsequent Tender Offers**

**Amend the Existing Investment Management Agreement and  
amend the Investment Policy**

**and**

**Notice of General Meeting**

## **1. Introduction and Background**

### **1.1 Introduction**

Further to the announcements made by the Company on 26 November 2019 and 6 February 2020, and the publication of the Annual Report, the Board is now pleased to set out its detailed Proposals for the future of the Company. You will be aware from the announcements that we have been conducting consultation meetings with Shareholders to establish what we believe to be the best course of action for the Company acting in the best interests of Shareholders as a whole.

The purpose of this Circular is to explain the rationale, and seek the required Shareholder approval, for the following Proposals:

- 1.1.1 to make the Tender Offer so as to provide Shareholders with the ability to exit the Company;
- 1.1.2 to amend the Existing Articles to remove the provision requiring the Board to propose a special resolution at the Company's seventh annual general meeting for the liquidation of the Company and to extend the life of the Company indefinitely;
- 1.1.3 to amend the Existing Articles to provide for the Subsequent Tender Offers at five-yearly intervals commencing on or before 30 June 2025;
- 1.1.4 to amend the Existing Investment Management Agreement to reflect a fee restructure and a change from the current benchmark index to the MSCI ACWI Financials Net Total Return Index (in Sterling with dividends reinvested), in place of the current arrangements;
- 1.1.5 while not requiring Shareholder approval, to advise of the related party transaction which arises as a result of proposed changes in the Amended and Restated IMA; and
- 1.1.6 to amend the Existing Articles to confer powers on the Board to revise the Company's gearing policy to reflect a new overall maximum leverage limit of 20 per cent. of NAV at the time at which the relevant borrowing is taken out (or increased) and to amend the Investment Policy

to reflect this change. Under the current investment policy, the leverage limit is 15 per cent. of NAV at the time of borrowing.

**The implementation of the Proposals described in this Circular is subject to Shareholder approval and the satisfaction of the Continuation Conditions including, in particular, the Minimum Participation Condition (being that the Company receives valid tender requests, pursuant to the Tender Offer, in respect of no more than 50 per cent. of the Company's issued Share capital as at the date of this Circular). Paragraph 10 of this Part I of this Circular contains further details on the Continuation Conditions.**

**If the Continuation Conditions are not satisfied and/or Shareholder approval is not obtained, the Proposals will not proceed and the Company is expected to wind up in 2020 as originally envisaged with proposals being put to Shareholders at the Company's seventh Annual General Meeting (AGM) to be held before 31 May 2020.**

This Circular sets out details of, and seeks your approval for, the Proposals and explains why the Board is recommending that you vote in favour of the Resolution to be proposed at the General Meeting (GM) to be held at 4.30 p.m. on Tuesday 7 April 2020. The GM Notice is set out at the end of this Circular.

Enclosed with this mailing (or made available electronically) is a copy of the Annual Report which gives a fair and balanced review of the year and the outlook for both the financials sector and the Company from the Board and the Investment Manager.

## 1.2 **Background**

The Company was incorporated on 17 May 2013, with a seven-year fixed life expiring in May 2020. It was established to generate for investors a growing dividend income together with capital appreciation by investing primarily in a global portfolio consisting of listed or quoted securities issued by companies in the financials sector operating in the banking, insurance, property and other sub-sectors. The Existing Articles require the Directors to put forward a resolution to place the Company into liquidation at the seventh AGM of the Company to be held before 31 May 2020, at which voting rights would be enhanced such that the resolution would be passed, provided any single vote is cast in favour.

In January 2020, the Chairman, accompanied by the Company's corporate broker, Investec Bank, conducted a number of meetings with Shareholders representing some 70 per cent. of the issued Share capital, to discuss the future of the Company. A majority of these Shareholders expressed a desire to maintain an exposure to the Company's investment strategy beyond the end of the current seven-year fixed life in May 2020. As a result, the Board is proposing a number of changes, detailed further below.

## 1.3 **Amendments to the Existing Articles to remove the fixed life provision and provide for the Subsequent Tender Offers**

The Board is proposing to remove the provision in the Existing Articles which requires the Directors to propose a special resolution at the Company's seventh annual general meeting for the appointment of a liquidator and for the liquidation of the Company. If the Resolution is approved and becomes unconditional and the Tender Offer is completed, the Company will have an indefinite life.

If the Company's life is extended, Polar Capital LLP will continue to act as the investment manager on substantially similar terms subject to the introduction of the new fee structure and the New Benchmark Index. Please see paragraph 4 of this Part I of this Circular for further details on the proposed changes to the Company's existing management arrangements.

To honour the constitutional agreement entered into between the Shareholders and the Company, the Board proposes to make the Tender Offer described below now and to propose the Subsequent Tender Offers, at five-yearly intervals commencing on or before 30 June 2025. Each Subsequent Tender Offer to be made for the entire Share capital at the relevant time will be conditional on the Company having sufficient distributable reserves, Shareholder approval (which is provided for by way of enhanced voting provisions) and each Subsequent Tender Offer being made in compliance with all applicable laws (that may change from time to time). As a result, there is no guarantee that any Subsequent Tender Offer will proceed. In the event that a Subsequent Tender Offer cannot be offered or implemented in accordance with the New Articles, the Board may propose either: a Subsequent Tender

Offer limited to an amount equal to the level of distributable reserves available; or a special resolution for the voluntary winding up of the Company. In each case, such alternative Subsequent Tender Offer or resolution to wind up the Company shall be by way of enhanced voting provisions ensuring that any vote in favour of the resolution causes it to pass.

Please see paragraph 8 of this Part I of this Circular for further details.

#### 1.4 **Tender Offer**

Under the terms of the Tender Offer, which is being made by Investec Bank on behalf of the Company, Qualifying Shareholders will be entitled to tender some or all of their Shares, as at the Tender Offer Record Date, for purchase by Investec Bank at the Tender Price. The Tender Price will be equal to the NAV per Share as at the Calculation Date (before deducting, for the avoidance of doubt, any expenses relating to the implementation of the Proposals) less the Tender Offer Expenses per Share. Following such purchase, the Company will, in turn, in accordance with the terms of the Repurchase Agreement, purchase from Investec Bank all Shares which it has purchased under the Tender Offer. Please see paragraph 7 of Part I of this Circular for further details on the Tender Offer and, for further details on the expenses of the Proposals, please see paragraph 9 of Part I of this Circular.

**Shareholders are not required to tender any Shares. If you wish to participate in the Tender Offer, you should complete and return your pink Tender Form or submit a TTE instruction. If you do not wish to tender any Shares do not complete or sign the pink Tender Form.**

The Tender Offer is subject to the terms of the Repurchase Agreement and may be suspended or terminated in certain circumstances as set out in paragraph 7 of Part III of this Circular, including if the Continuation Conditions are not satisfied. The Tender Offer is also subject to certain other conditions as set out in paragraph 2 of Part III of this Circular.

**Shareholders' attention is drawn to the letter from Investec Bank set out in Part II of this Circular and to the Terms and Conditions of the Tender Offer set out in Part III of this Circular which, together with the pink Tender Form, constitute the terms and conditions of the Tender Offer. Details of how Qualifying Shareholders may tender Shares can be found in paragraph 3 of Part III of this Circular.**

#### 1.5 **Changes to the Existing Investment Management Agreement**

The Board has agreed with the Investment Manager to make amendments to the Existing Investment Management Agreement, specifically to provide for a new fee structure and to implement a change to the New Benchmark Index. The changes below are subject to the passing of the Resolution and the Continuation Conditions.

Please see paragraph 4 of this Part I of this Circular for further details.

#### 1.6 **Amendments to the Existing Articles and Investment Policy in relation to gearing**

The Board is further proposing to amend the Existing Articles so that the Board has full power to revise the gearing policy to reflect a new overall maximum leverage limit of 20 per cent. of NAV at the time at which the relevant borrowing is taken out or increased. Under the current investment policy, the leverage limit is 15 per cent. of NAV at the time of borrowing. Any borrowing in excess of this will require an ordinary resolution by the Company. The use of borrowings will remain the same. This change will also be reflected in the Investment Policy. For illustrative purposes, the net gearing level at 28 February 2020 was 5.0 per cent. Please see paragraph 5 of this Part I of this Circular for further details.

#### 1.7 **Liquidity management**

The Board continues to believe in the Investment Manager's strategy and remains optimistic about the outlook for the global financial sector. Consequently, Shares bought back in the Tender Offer process and any subsequent Shares bought back by the Company will be placed into treasury. In the event of the Company's Shares trading at a sustained premium to NAV over a reasonable period of time, the Board will proactively seek to issue these Shares into the market. The Board believes that the Subsequent Tender Offers should assist in limiting the discount at which the Company's Shares might trade going forward. In addition, the Board intends to adopt a proactive approach to providing liquidity

in the Company's Shares by using the Share buyback authority (as and when granted by Shareholders at each annual general meeting) to repurchase Shares on an ad hoc basis, thereby helping to redress any supply/demand imbalance which might have given rise to a relatively wide discount.

As a result of these measures, the Board intends that, in normal market circumstances, the Shares will trade at a discount to NAV of no wider than an average of around 5 per cent. over the longer term. The Board will review this policy regularly to ensure it remains effective and appropriate, having regard to market conditions, comparable investment companies and the overall size of the trust. However, notwithstanding this policy, there is no guarantee that the Shares will trade close to NAV per Share and this policy could result in a reduction in the size of the Company over time.

## **2. Benefits of the Proposals**

The Proposals are intended to offer the following benefits to Shareholders:

- the option to continue their investment in the Company and to benefit from the financials sector expertise of Polar Capital LLP as the Investment Manager;
- pursuant to the Tender Offer, Shareholders who no longer wish to remain invested in the Company will be given the opportunity to realise their investment, in whole or in part, at the Tender Price;
- provision of a liquidity event through the Subsequent Tender Offers at five-yearly intervals, the first of which shall be proposed on or before 30 June 2025;
- amendments to the Existing Investment Management Agreement which the Board and Polar Capital believe offers a Shareholder-aligned management fee and appropriate benchmark;
- an amended Investment Policy which provides for increased maximum gearing, when appropriate as a performance-enhancing tool; and
- a proactive approach to providing liquidity in the Company's Shares with the intention that, in normal market conditions, the Shares will trade at a discount to NAV of no wider than an average of around 5 per cent. over the longer term.

**In light of the above, the Board considers that implementing the Proposals is in the best interests of the Company and the Shareholders as a whole.**

## **3. The Company's Performance and Prospects**

### ***Performance***

The financial year to 30 November 2019 (being the Company's last reporting period) was positive for global stock markets; in Sterling terms the MSCI World Index and the FTSE All Share Index rose by 13.0 per cent. and 11.0 per cent., respectively, while the Company delivered a net asset value total return of 10.4 per cent., slightly outperforming the Company's current benchmark index (being the MSCI World Financials plus Real Estate Index) which returned 9.9 per cent.

The period from 1 December 2019 to 28 February 2020 has encountered many obstacles to performance which has resulted, in Sterling terms, in the MSCI World Index and the FTSE All Share Index falling by 5.0 per cent. and 8.9 per cent., respectively. Over the same period, the Company delivered a net asset value total return of -8.2 per cent., which underperformed the Company's current benchmark index which returned -7.6 per cent.

The Company launched in June 2013 and in the period from inception to 28 February 2020, the Company achieved a NAV total return of 70.3 per cent., compared to the benchmark return of 71.0 per cent., representing a slight underperformance of 0.7 per cent. (on a Sterling basis). For comparative purposes, the MSCI World Index and the FTSE All Share Index returned 100.7 per cent. and 40.7 per cent. respectively over the same period.



## **Prospects**

Following the sharp sell-off related to Covid-19 concerns, the sector, and in particular banks, are pricing in significant falls in interest rates and recessionary levels of provisioning. Valuations are at their lowest since the worst point of the Global Financial Crisis and do not reflect the material improvements that have been made in the sector since 2008. For banks in particular, business models have been changed in favour of less capital intensive and off-balance sheet revenue streams; technology has been applied to underpin operating models and efficiency; and capital buffers have been built allowing for high shareholder yields and to the point that stress tests are now a source of comfort rather than panic.

Against this background the Board has been reviewing how best to act in Shareholders' interests as the end of the Company's seven-year fixed life approaches. Following consultation with the Investment Manager, our advisers and a number of Shareholders, the Board believes that the original thesis for the Company remains strong and that valuation levels represent an excellent entry point into the investment opportunity.

The Company and its advisors have met with a number of Shareholders who have indicated an interest in the Company continuing beyond the current seven-year life. The Board has determined that the best course of action is to offer to those Shareholders who wish to remain in the investment thesis the opportunity to do so while honouring the original commitment to liquidity for those Shareholders who wish to realise their investment at the end of the seven-year life.

## **4. Amendment to the Existing Investment Management Agreement**

The Board has agreed with Polar Capital LLP to amend the management arrangements (the "**Amended and Restated IMA**"). This information which follows is provided to assist Shareholders in considering the Resolution and is subject to the passing of the Resolution, the Continuation Conditions and completion of the Tender Offer. The Board has negotiated and agreed with Polar Capital LLP amendments to the fee structure and existing benchmark index which the Board considers to be beneficial to Shareholders.

Under the current Existing Investment Management Agreement, the Investment Manager is entitled to a base fee of 0.85 per cent. per annum of the lower of the Company's market capitalisation and NAV. Under the proposed Amended and Restated IMA, with effect from 7 April 2020, the Investment Manager will be entitled to a reduced base fee rate of 0.70 per cent. per annum of the Company's NAV.

In addition, under the Existing Investment Management Agreement, the Investment Manager is entitled to earn a performance fee equal to 10 per cent. of excess total return over the current benchmark index plus 1.25p per annum. Under the proposed Amended and Restated IMA, from 7 April 2020 the Investment Manager will be entitled to a performance fee to be calculated as 10 per cent. of the excess of the performance fee hurdle. However, the payment conditions will change to increase the performance fee hurdle, to the New Benchmark Index plus 1.5 per cent. compounded annually. The performance fee will be payable at the end of each five-year period, the first period being from 7 April 2020 to 30 June 2025 and at five-yearly intervals thereafter (each a "**Performance Period**") and will be calculated on the NAV (adjusted to address dividends paid, any dilutive effects caused by the issue of Shares or enhancements from the issue of Shares or Share buy-back) at 30 June, being the end of the relevant Performance Period (or, if a Subsequent Tender Offer has been approved and implemented by Shareholders in respect of that Performance Period, the performance fee shall be calculated on the basis of the NAV used in connection with that Subsequent Tender Offer).

In recognition of the Company's level of portfolio exposure to emerging market financials equities and its limited portfolio exposure to real estate equities, the Board and the Investment Manager propose to change the benchmark index from the Company's existing benchmark index, the MSCI World Financials + Real Estate Net Total Return Index (in Sterling with dividends reinvested), to the MSCI ACWI Financials Net Total Return Index (in Sterling with dividends reinvested) (the "**New Benchmark Index**").

The Board considers the Amended and Restated IMA fee structure and New Benchmark Index to be appropriate. The Board has taken into consideration the duties of the Investment Manager and market conditions and believe that the amendments proposed are balanced, fair and reasonable and as a package are in the interests of Shareholders as a whole.

Whilst the Board considers that the proposed Amended and Restated IMA is likely to result in a reduction to annual management fees payable to the Investment Manager, Shareholders should note that, should the

Company's Shares trade at, or wider than, approximately a 17.65 per cent. discount to NAV, this would result in higher management fees being payable than under the Existing Investment Management Agreement. The Board considers it unlikely that the Company's Shares will trade below a 17.65 per cent. discount to NAV, given the Company's proposed liquidity management procedures.

The Board intends to adopt a proactive approach to providing liquidity in the Company's Shares by using the Share buyback authority (as and when granted by Shareholders at each annual general meeting) to repurchase Shares on an ad hoc basis, thereby helping to redress any supply/demand imbalance which might have given rise to a relatively wide discount. The Board intends that, in normal market circumstances, the Shares will trade at a discount to NAV of no wider than an average of around 5 per cent. over the longer term.

The Investment Manager is considered a "related party" to the Company for the purposes of the Listing Rules and this transaction is likely classified as a "related party transaction". Given the value of the transaction, the entry by the Company into the Amended and Restated IMA constitutes a "small related party transaction" under Chapter 11 of the Listing Rules.

## **5. Changes to the Investment Policy**

In connection with the Proposals and to reflect the New Articles, the Board proposes to amend the Investment Policy as set out below, conditional on Shareholder approval, on satisfaction of the Continuation Conditions and completion of the Tender Offer.

A strike-through comparison of the Investment Policy is set out in paragraph 2 of Part VI of this Circular.

### ***New gearing ratio***

The Company intends to maintain a similarly cautious approach to borrowing, with the aim of enhancing returns. In order to give effect to the Proposals, the Company seeks to amend the Investment Policy to provide for an increased overall maximum leverage limit of 20 per cent. of the NAV at the time at which the relevant borrowing is taken out or increased.

## **6. Composition of the Board**

It is intended that the composition of the Board will remain unchanged following the implementation of the Proposals. However, in line with corporate governance best practice, it is proposed that the composition of the Board will be refreshed thereafter from time to time. The Board is comprised of four independent non-executive directors, three of whom were appointed on 1 July 2013 and one on 1 July 2019. Succession plans for the Board will therefore be published in the Company's future annual reports when appropriate.

## **7. The Tender Offer**

### **7.1 General**

The Company is proposing a Tender Offer to be made for up to 100 per cent. of the Shares in issue on the Tender Offer Record Date (excluding treasury Shares) at the Tender Price to enable those Shareholders who wish to realise their investment in the Company to do so (in whole or in part). The Tender Offer is conditional on the Continuation Conditions. The Tender Price will be determined as at the Calculation Date, which is expected to be 24 April 2020. As at 10 March 2020 (being the latest practicable date before publication of this Circular), the Tender Price would have been 117.59 pence (rounded to two decimal places) as at that date based on 99.0 per cent. of the opening NAV which assumes the maximum capped expenses of 1 per cent. have been applied.

As at the close of business on 10 March 2020 (being the latest practicable date before the publication of this Circular), the mid-market price of the Shares on the London Stock Exchange was 112.50 pence and the most recently announced NAV per Share was 118.78 pence (rounded to two decimal places). Accordingly, the Tender Price would have represented a premium of 4.52 per cent. to the mid-market price on such date.

Qualifying Shareholders on the Register on the Tender Offer Record Date may tender some or all of their Shares for purchase by Investec Bank. All successfully tendered Shares will be purchased at the Tender Price. The Company will then, in turn, acquire these Shares from Investec Bank at the Tender

Price, in accordance with the terms of the Repurchase Agreement, and the relevant Shares will be placed in treasury for reissue into the market should the Shares trade at a premium in future. Paragraph 1.1 of Part VI of this Circular contains further details on the Repurchase Agreement.

**Under current UK taxation law and practice, the sale of Shares pursuant to the Tender Offer should constitute a disposal for Shareholders subject to UK capital gains tax.**

All transactions will be carried out on the London Stock Exchange and will be on-market acquisitions in accordance with the Companies Act. The key points of the Tender Offer are as follows:

- the Tender Offer is for up to 100 per cent. of the Shares issued by the Company on the Tender Offer Record Date (excluding treasury Shares);
- Qualifying Shareholders will be able to decide whether to tender some or all of their Shares for purchase by Investec Bank. Shareholders are not required to tender their Shares and may choose to continue their holding at the present level; and
- the Tender Price will be equal to the NAV per Share as at the Calculation Date (before deducting, for the avoidance of doubt, any expenses relating to the implementation of the Proposals) less the Tender Offer Expenses per Share.

**The Tender Offer is conditional upon the terms of the Repurchase Agreement and may be suspended or terminated in certain circumstances as set out in paragraph 7 of Part III of this Circular, including if the Continuation Conditions are not satisfied. The Tender Offer is also subject to certain conditions as set out in paragraph 2 of Part III of this Circular.**

## 7.2 **Options for Shareholders**

Shareholders can choose to:

- retain their investment in the Company in full; or
- save for Restricted Shareholders, tender some or all of their Shares for purchase and receive the Tender Price in cash in consideration of such purchase.

Qualifying Shareholders will be entitled to have up to 100 per cent. of their respective holdings as at the Tender Offer Record Date purchased under the Tender Offer. Shareholders should note that the holdings of those Shareholders who do not participate in the Tender Offer will increase as a percentage of the total Shares remaining in issue following completion of the Tender Offer.

**The Tender Offer is not conditional on the Shares trading at a discount to the NAV per Share as at the Calculation Date (i.e. the mid-market share price per Share being less than the NAV per Share). Therefore, in the event that the Shares are trading at a premium to the NAV per Share as at the Calculation Date (i.e. the mid-market share price per Share is higher than the NAV per Share), Shareholders who tender Shares may receive less than they could otherwise be able to realise in the market.**

Shareholders' attention is drawn to Part II and Part III of this Circular which, together with the pink Tender Form, constitute the terms and conditions of the Tender Offer. Details of how Qualifying Shareholders will be able to tender Shares can be found in Part III of this Circular.

Shareholders should note that, once tendered, Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.

## 7.3 **UK Taxation**

Under current UK taxation law and practice, the sale of Shares pursuant to the Tender Offer should constitute a disposal for Shareholders subject to UK capital gains tax. The attention of Shareholders is drawn to Part V of this Circular which sets out a general guide to certain aspects of current UK law and HMRC practice.

**Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.**

## 8. Amendments to the Articles of Association

Subject to obtaining Shareholder approval and completion of the Tender Offer, the Company proposes to adopt the New Articles in place of the Existing Articles.

The proposed amendments within the New Articles include the extension of the life of the Company indefinitely and provides the Board with powers to direct that the Company may incur maximum borrowings up to and equal to 20 per cent. of the NAV of the Company at the time at which the relevant borrowing is taken out or increased.

In order to honour the constitutional agreement entered into between the Shareholders and the Company, the New Articles provide for each Subsequent Tender Offers to be made at five-yearly intervals commencing on or before 30 June 2025. The Subsequent Tender Offers will be on terms and conditions at the absolute discretion of the Board and will be subject to Shareholder approval (which is provided for by way of enhanced voting provisions ensuring that any vote in favour of the resolution causes it to pass). The requirement for the Directors to propose, and the Company's ability to implement, a Subsequent Tender Offer are subject to:

- the Company having available sufficient distributable reserves at the relevant time(s); and
- the proposed special resolution and the implementation of the relevant Subsequent Tender Offer not being prohibited by applicable law

It is expected that Subsequent Tender Offers will attract continuation conditions of a similar nature to the Continuation Conditions of the Tender Offer (at the absolute discretion of the Board). As a result, there is no guarantee that any Subsequent Tender Offer in the future will take place. In the event that a Subsequent Tender Offer cannot be offered or implemented in accordance with the New Articles, the Board may propose either: a Subsequent Tender Offer limited to an amount equal to the level of distributable profits available; or a special resolution for the voluntary winding up of the Company. In each case, such alternative Subsequent Tender Offer or resolution to wind up the Company shall be subject to enhanced voting provisions ensuring that any vote in favour of the resolution causes it to pass.

Each Subsequent Tender Offer is without prejudice to the Company's ability to repurchase up to 15 per cent. of any Shares in issue, pursuant to any authority granted by Shareholders at any general meeting of the Company.

In addition to the changes set out above relating to the extended life and Subsequent Tender Offers, the Board consider it prudent to take the opportunity to make ancillary amendments to the Existing Articles in order to update them for the latest market practice, mostly in order to improve efficiencies for the Company, grant more discretion to the Board to protect the Company from unwanted consequences of a material change in its ownership demographic. As such the New Articles contain the following amendments:

- **Non-qualified holders:** The provisions relating to non-permitted Shareholders have been bolstered to provide the Company, in addition to its existing rights under the Existing Articles, with the rights to request information necessary to establish the status of an investor (for example to ensure that there are no breaches of US federal securities laws), and to expand and refine the concept of non-qualified holders from its current definition of US persons, to a more specific criteria of investors, shifting the focus on the detriment to the Company that such holders may bring, by virtue of being investors with ERISA status, or by virtue of requiring the Company to register under the US Investment Company Act, 1940, or causing the Company to cease to become a foreign private issuer under the US Securities Exchange Act, of 1934. If such Shareholder could cause the Company any detriment by virtue of these reasons, the Company has the right to refuse a transfer of Shares to such person and has the right to eject any such non-qualified holder. Further, so as to facilitate the Company in its right to refuse transfers of Shares to non-qualified holders, the Company would under the New Articles have the right to require certain United States investors to hold Shares in certificated form.
- **Annual re-election of Directors:** Following the provisions of the latest Corporate Governance Code (and the corresponding code published by the AIC), the Company proposes to amend its Existing Articles to provide for the annual re-election of Directors. This has also been explained in the Annual Report for the financial year ended 30 November 2019.
- **Directors' remuneration:** It is proposed to increase the cap on aggregate Directors' remuneration imposed by the Existing Articles from £200,000 per year to £250,000 per year. While it is not anticipated that the full amount will be used on a regular basis, the increase allows

for flexibility during any succession changes which may require additional appointments for short periods of time. Any actual changes to Directors' remuneration will be set out in the Directors' remuneration report and policy in the relevant annual report and accounts.

- **General meetings:** New provisions have been included:
  - to permit the Company to postpone a general meeting before it is held where the Directors determine that it is impracticable or undesirable to hold such meeting;
  - to allow flexibility, a mechanism has been provided to hold hybrid meetings (rather than solely physical meetings); and
  - subject to Shareholder approval at the AGM, general meetings can be held on 14 days' notice in the future.
- **Untraced members:** This provision has been amended so as to give the Company broader discretion in the case of a sale of a Share where the member cannot be traced, to determine the time and manner, and the terms on which, any such sale may be made, and gives the Company discretion as to how to apply any proceeds of any such sale. In addition, the New Articles provide that, where such Share is sold, the Directors will not be required to account to the untraced member for any unclaimed dividends in respect of such Share.
- **Scrip dividends:** The New Articles provide that the Directors may make an offer in connection with a scrip dividend authority before the expiry of such authority which would or might require the allotment of Shares after such expiry and the Directors may allot such Shares as if such authority had not expired.
- **Authentication of documents:** In order to increase efficiencies, the New Articles provide for the Company Secretary or any other person so authorised by the Board to authenticate any document affecting the constitution of the Company, and to certify copies of any documents relating to the Company.

Shareholders may review the New Articles which are available for inspection in accordance with paragraph 6 of Part VI of this Circular.

These amendments require Shareholder approval at the General Meeting and will be effected by substituting the Existing Articles with the New Articles.

**If the Continuation Conditions are not satisfied, Shareholder approval is not obtained or the Tender Offer is not completed, the Proposals will not proceed and the Company will wind up in May 2020 as originally envisaged.**

## 9. Expenses of the Proposals

The fixed Implementation Costs of the Proposals are not expected to exceed £517,300 (including any non-recoverable VAT but excluding Stamp Duty Costs and Portfolio Disposal Costs) and will be borne *pro rata* by all Shareholders. The Stamp Duty Costs and the Portfolio Disposal Costs will vary depending on the extent of Shareholder participation in the Tender Offer, and will be borne *pro rata* solely by the Shareholders participating in the Tender Offer.

However, to the extent the total costs per Share allocated to Shareholders participating in the Tender Offer exceed 1 per cent. of the NAV per Share as at the Calculation Date, the costs so allocated will be capped such that Shareholders participating in the Tender Offer bear costs per Share equal to no more than 1 per cent. of the NAV per Share as at the Calculation Date, with the excess being borne *pro rata* by the Shareholders not participating in the Tender Offer.

## 10. Continuation Conditions

The Proposals are conditional on satisfaction of the Continuation Conditions, which are intended to ensure that the Company is of a sufficient size to pursue the Investment Policy and maintains sufficient diversification of ownership to maintain its listing on the premium segment of the Main Market under Chapter 15 of the Listing Rules.

### **Minimum Participation Condition**

The Directors are mindful of the need for the Company to be of a sufficient size following completion of the Tender Offer, both for liquidity purposes and also to ensure that the ongoing expenses of the Company are not a disproportionate burden on the remaining Shareholders. As set out in the Company's announcement of 6 February 2020, it was expected that the Proposals would be conditional on the size of the Company's net assets immediately following the Tender Offer. However, given the recent extreme volatility across global capital markets, the Board considers that a more appropriate means to determine whether the Company ought to continue following the Tender Offer is by reference to the remaining issued Share capital following completion of the Tender Offer. To illustrate the volatility, and therefore the inherent uncertainties as to using NAV as the basis on which to determine whether the Company should continue following completion the Tender Offer, the Company's NAV as at 6 March 2020 was 126.94p per Share, whereas it fell by 10.4 per cent. to 113.7p per Share on 9 March 2020.

Accordingly, the Directors have resolved that completion of the Proposals is conditional on the Company receiving valid tender requests, pursuant to the Tender Offer, in respect of no more than 50 per cent. of the Company's issued Share capital as at the date of this Circular (the "**Minimum Participation Condition**"). The resulting size of the Company following completion of the Tender Offer, if successfully implemented, will be a product of: (i) the number of Shares in issue; multiplied by (ii) the NAV per Share, in each case at such date following completion.

If the Tender Offer is terminated, the Company will make an announcement through a RIS that such is the case and the Tender Offer shall cease and determine absolutely, without any liability on the part of the Company or Investec. Equiniti Limited, in its capacity as receiving agent will arrange for uncertificated accounts to be credited with any unsuccessfully tendered Shares within 2 business days and return Share certificates representing unsuccessfully tendered Shares to certificated Shareholders within 10 business days.

### **Shares in Public Hands Condition**

In addition, the Listing Rules require at least 25 per cent. of the Shares of a listed company to be in "public hands" (as defined in the Listing Rules) (the "**Shares in Public Hands Condition**"). In particular, any Shareholders with an interest in 5 per cent. or more of the Shares are excluded from the definition of "public hands" in relation to that class. Similarly, Shares held by Directors are also excluded from the number of Shares held in "public hands".

If a listed company fails, at any time, to comply with the Shares in Public Hands Condition, the FCA may, in certain circumstances, allow a reasonable time to the company to remedy the non-compliance. However, the Directors consider that this may not be achievable if, following the completion of the Tender Offer, the Company fails to comply with the Shares in Public Hands Condition.

**Accordingly, if either the Minimum Participation Condition or the Shares in Public Hands Condition (each of which, individually, is a "Continuation Condition") would not be satisfied immediately following the completion of the Proposals, the Proposals will not proceed and the Company is expected to wind up in May 2020 as originally envisaged.**

## **11. Risk Factors**

**Shareholders' attention is also drawn to Part IV of this Circular, which sets out certain risks relating to the proposed New Articles, Investment Policy and the Tender Offer which Shareholders should be aware of in considering the Proposals and the actions they should take.**

## **12. Restricted Shareholders and Other Overseas Shareholders**

The Tender Offer is not being made to Shareholders who are resident in, or citizens of, Restricted Territories. In particular, Restricted Shareholders are being excluded from the Tender Offer in order to ensure compliance with applicable local laws relating to the implementation of the Tender Offer. Accordingly, copies of this Circular, or any accompanying documents, are not being and must not be mailed or otherwise distributed in or into Restricted Territories. For more information, please refer to paragraph 9 of Part III of this Circular below.

It is the responsibility of all Overseas Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any relevant requirements in relation to the ability of such holders to participate in the Tender Offer.

### **13. General Meeting**

The Proposals are subject to Shareholder approval which will be sought at the General Meeting to be held at 4.30 p.m. on Tuesday, 7 April 2020 at the offices of Polar Capital LLP, 16 Palace Street, London SW1E 5JD. The GM Notice convening the General Meeting is set out at the end of this Circular and includes the full text of the Resolution.

The Resolution to be tabled at the General Meeting is being proposed as a special resolution. In order to become effective, the Resolution must be approved by a majority of not less than seventy-five per cent. of the votes cast by Shareholders present in person or by proxy at the General Meeting. For the avoidance of doubt, the Investment Manager and its Associates (as appropriate) are permitted to vote on the Resolution.

### **14. Action to be Taken in Connection with the General Meeting**

You will find enclosed with this Circular a Form of Proxy for use at the General Meeting.

Whether or not you intend to be present at the General Meeting, you are encouraged to complete the Form of Proxy in accordance with the instructions printed thereon and to return the Form of Proxy to the Company's Registrar, Equiniti Limited, by post in the accompanying reply-paid envelope (for use in the UK only) or by hand during normal business hours at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, so as to arrive by no later than 4.30 p.m. on Friday, 3 April 2020.

Completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so.

**Shareholders who are in any doubt as to the contents of this Circular or as to the action to be taken should immediately consult their stockbroker, bank manager, solicitor, accountant or other appropriately qualified financial adviser authorised under FSMA if they are in the United Kingdom, or another appropriately authorised financial adviser if they are in a territory outside the United Kingdom.**

### **15. Recommendation**

#### **15.1 The Proposals**

In the opinion of the Board, undertaking the Tender Offer and passing the Resolution to take effect in the event the Continuation Conditions are satisfied, are in the best interests of Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting, as the Directors intend to do in respect of their own holdings of 155,556 Shares, representing approximately 0.08 per cent. of the total number of issued Shares.

The extent to which Shareholders participate in the Tender Offer is a matter for each Shareholder to decide and will be influenced by their own individual financial and tax circumstances and investment objectives. Shareholders should seek advice from their own qualified financial adviser.

No Director will be tendering any of their Shares under the Tender Offer.

Yours faithfully,

**Robert Kyprianou**

Chairman

**PART II**  
**LETTER FROM INVESTEC BANK PLC**

Investec Bank plc  
30 Gresham St  
London EC2V 7QP

12 March 2020

**To Shareholders**

Dear Sir or Madam

**TENDER OFFER**

**1. Introduction**

As explained in the Chairman's letter in Part I of this Circular, Qualifying Shareholders are being given the opportunity to tender some or all of their Shares for purchase pursuant to the Tender Offer on the basis set out below and in Part III of this Circular. The purpose of this letter is to summarise the principal terms and conditions of the Tender Offer.

**2. The Tender Offer**

Investec Bank hereby invites Qualifying Shareholders on the Register at the Tender Offer Record Date to tender all or any number of the Shares held by them for purchase by Investec Bank, as principal, for cash at the Tender Price. The Tender Price will be equal to the NAV per Share as at the Calculation Date (before deducting, for the avoidance of doubt, any expenses relating to the implementation of the Proposals) less the Tender Offer Expenses per Share.

Each Qualifying Shareholder will be entitled to have accepted pursuant to the Tender Offer valid tenders to Investec Bank in respect of up to 100 per cent. of the Shares registered in their name on the Register at the close of business on the Tender Offer Record Date.

The Tender Offer is conditional, *inter alia*, on the satisfaction of the Continuation Conditions and the Resolution being passed at the General Meeting and is being made on the terms and subject to the conditions set out in Part III of this Circular and also, in the case of Shareholders holding their Shares in certificated form, in the pink Tender Form, the terms of which are deemed to be incorporated in this Circular and form part of the Tender Offer.

Shareholders should note that under no circumstances will Investec Bank be liable to pay the Tender Price to Tendering Shareholders unless and until the Company has repurchased the relevant Shares from Investec Bank pursuant to the Repurchase Agreement.

Investec Bank is acting for the Company and no one else in connection with the Tender Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Investec Bank nor for providing advice in relation to the Tender Offer. Investec Bank has given and not withdrawn its written consent to the inclusion of references to its name in the form and context in which they are included in this Circular.

**3. Procedure for Tendering Shares**

**The extent to which Shareholders participate in the Tender Offer is a matter for each Shareholder to decide and will be influenced by their own individual financial and tax circumstances and investment objectives. Shareholders should seek advice from their own financial adviser. Shareholders who do not wish to participate in the Tender Offer need take no action.**



The Tender Offer is not conditional on the Shares trading at a discount to the NAV per Share as at the Calculation Date (i.e. the mid-market share price per Share being less than the NAV per Share). Therefore, in the event that the Shares are trading at a premium to the NAV per Share as at the Calculation Date (i.e. the mid-market share price per Share is higher than the NAV per Share), Shareholders who tender Shares may receive less than they could otherwise be able to realise in the market.

The rights of Shareholders who choose not to tender any of their Shares will be unaffected by the Tender Offer.

Qualifying Shareholders who hold their Shares in certificated form and who wish to tender Shares should complete the pink Tender Form in accordance with the instructions set out in it and in sub-paragraph 3.2.1 of Part III of this Circular and return the completed and signed pink Tender Form to the Receiving Agent, by post in the accompanying reply-paid envelope (for use in the UK only) or by hand during normal business hours to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to arrive by no later than 2.00 p.m. on Monday, 6 April 2020. Such Shareholders should also return with their pink Tender Form the Share certificate(s) and/or other documents of title in respect of their Shares tendered which are in certificated form.

Qualifying Shareholders who hold their Shares in uncertificated form (i.e. in CREST) and who wish to tender Shares should not complete a pink Tender Form but should instead arrange for their Shares to be transferred to escrow by sending a TTE Instruction in respect of such Shares, as described in sub-paragraph 3.2.2 of Part III of this Circular, as soon as possible and in any event so as to settle by not later than 2.00 p.m. on Monday, 6 April 2020.

Full details of the procedure for tendering Shares are set out in paragraph 3 of Part III of this Circular and, in respect of Shares held in certificated form, in the pink Tender Form. A Shareholder who tenders Shares in the Tender Offer will be deemed to have appointed Equiniti Limited as the receiving agent for the Tender Offer in respect of the sale of Shares to Investec Bank pursuant to the Tender Offer. Accordingly, Investec Bank will issue a contract note to Equiniti Limited on behalf of all Shareholders for the sale of Shares pursuant to the Tender Offer.

**Shareholders should note that, once tendered, Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.**

**If you are in any doubt about the contents of this Circular or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other appropriately qualified financial adviser authorised under FSMA if you are in the United Kingdom, or another appropriately authorised financial adviser if you are in a territory outside the United Kingdom.**

#### ***Validity of Tenders***

The Tender Offer will close at 2.00 p.m. on Monday, 6 April 2020. Any pink Tender Forms and TTE Instructions which are received by the Receiving Agent after 2.00 p.m. on Monday, 6 April 2020 or which at that time are incorrectly completed or not accompanied by all relevant documents or instructions may be rejected and returned to the relevant Shareholders or their appointed agents, together with any accompanying Share certificate(s) and/or other document(s) of title, at Investec Bank's absolute discretion.

Investec Bank reserves the right to treat as valid pink Tender Forms and TTE Instructions which are not entirely in order and (in the case of Shares held in certificated form) which are not accompanied by the relevant Share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof.

#### **4. Settlement**

Subject to the Tender Offer becoming unconditional, payment of the consideration to which Shareholders are entitled pursuant to valid tenders accepted by Investec Bank will be made in Sterling and:

- in the case of Shares held in uncertificated form, will be settled through CREST by Tuesday, 12 May 2020 or as soon as practicable thereafter; or
- in the case of Shares held in certificated form, by cheques despatched by Tuesday, 12 Ma 2020 or as soon as practicable thereafter, and

in each case, as described in paragraph 4.4 of Part III of this Circular.

If only part of a holding of Shares is sold pursuant to the Tender Offer:

- where the Shares are held in certificated form, the Shareholder will be entitled to receive a certificate in respect of the balance of the remaining Shares; or
- where the Shares are held in uncertificated form (that is, in CREST), the unsold Shares will be transferred by the Escrow Agent by means of a TFE Instruction to the original CREST account from which those Shares came.

## **5. Overseas Shareholders**

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located and this Circular does not constitute or form part of any offer to purchase, or invitation to sell, Shares in any jurisdiction in which such offer or invitation is unlawful. Without prejudice to the foregoing generality, the Tender Offer is not available to Shareholders with registered or mailing addresses in Restricted Territories or who are citizens or nationals of, or resident in, a Restricted Territory.

Shareholders with registered or mailing addresses outside the United Kingdom and the Restricted Territories who wish to accept the Tender Offer should also read paragraph 9 of Part III of this Circular and should satisfy themselves that they have fully observed any applicable legal requirements under the laws of the relevant jurisdiction.

## **6. Conditions of the Tender Offer**

The Tender Offer is conditional, *inter alia*, on the satisfaction of the Continuation Conditions, the passing of the Resolution at the General Meeting and on the matters specified in paragraph 2 of Part III of this Circular.

## **7. Termination of the Tender Offer**

The Tender Offer may be terminated in the circumstances described in paragraph 8 of Part III of this Circular. In particular, the Board has reserved the right to require that Investec Bank does not proceed with the Tender Offer if the Board concludes, at any time prior to the announcement of the result of the Tender Offer, that the implementation of the Tender Offer or the subsequent purchase by the Company of the Shares purchased by Investec Bank pursuant to the Tender Offer is no longer in the best interests of the Company and Shareholders as a whole.

## **8. The City Code on Takeovers and Mergers**

Shareholders should note the important information in paragraph 3 of Part VI of this Circular relating to certain provisions of the Takeover Code.

## **9. Further Information**

Your attention is drawn to the information contained in the remainder of this Circular, including, in particular, the terms and conditions of the Tender Offer in Part III of this Circular and the information regarding taxation in Part V of this Circular.

## **10. General**

This letter is not a recommendation to Shareholders to sell or not sell Shares in the Tender Offer.

Yours faithfully

**David Yovichic**

For and on behalf of  
Investec Bank plc

## PART III

### TERMS AND CONDITIONS OF THE TENDER OFFER

#### 1. The Tender Offer

- 1.1 All Qualifying Shareholders on the Register on the Tender Offer Record Date may tender all or some of their Shares for purchase by Investec Bank, as principal, on the terms and subject to the conditions set out in this Circular and (in the case of Shares held in certificated form) in the pink Tender Form. Shareholders are not obliged to tender any Shares and Shareholders who do not wish to participate in the Tender Offer need take no action.
- 1.2 The Tender Offer is made at the Tender Price which will be equal to the NAV per Share as at the Calculation Date (before deducting, for the avoidance of doubt, any expenses relating to the implementation of the Proposals) less the Tender Offer Expenses per Share. The calculations approved by the Directors will be conclusive and binding on all Shareholders.
- 1.3 The consideration for each tendered Share acquired by Investec Bank pursuant to the Tender Offer will be paid in accordance with the settlement procedures set out in paragraph 4 below.
- 1.4 Upon the Tender Offer becoming unconditional and unless the Tender Offer has lapsed or terminated in accordance with the provisions of paragraph 2 or paragraph 7 below, Investec Bank will accept the offers of Shareholders validly made in accordance with this Part III.

#### 2. Conditions

- 2.1 The Tender Offer is conditional on the following (together the “**Conditions**”):
  - 2.1.1 the passing of the Resolution at the General Meeting;
  - 2.1.2 the satisfaction of the Continuation Conditions;
  - 2.1.3 Investec Bank being satisfied that, at all times up to immediately prior to the announcement of the result of the Tender Offer, the Company has complied with its obligations, and is not in breach of any of the representations and warranties given by it, pursuant to the Repurchase Agreement;
  - 2.1.4 the Tender Offer not having been terminated in accordance with paragraphs 2.3 or 7 below prior to the fulfilment of the conditions referred to in this paragraph 2.1; and
  - 2.1.5 the Repurchase Agreement otherwise having become unconditional in all respects (save in respect of any condition relating to the Tender Offer becoming unconditional).
- 2.2 Investec Bank will not purchase (or enter into any commitment or contract to purchase) any Shares pursuant to the Tender Offer unless all of the Conditions have been satisfied. The purchase by Investec Bank of Shares pursuant to the Tender Offer will only occur once all of the Conditions have been satisfied. The Conditions may not be waived by Investec Bank or the Company. If any of the Conditions are not satisfied by 7.00 a.m. on 8 April 2020 (or such later time and date as the Company and Investec Bank may agree), the Tender Offer will lapse.
- 2.3 The Board reserves the right to compel Investec Bank to terminate the Tender Offer at any time prior to the announcement of the results of the Tender Offer if it concludes that the implementation of the Tender Offer or the subsequent purchase by the Company of the Shares purchased by Investec Bank pursuant to the Tender Offer is no longer in the best interests of the Company and Shareholders as a whole or if the purchase of Shares by Investec Bank pursuant to the Tender Offer or the subsequent purchase by the Company of such Shares may have adverse fiscal or other consequences (whether by reason of any change in legislation, practice, circumstances or otherwise) for the Company or Shareholders as a whole which were previously unexpected. If the Tender Offer is terminated, the Company will make an announcement by an RIS announcement that such is the case.

### **3. Procedure for Tendering Shares**

#### **3.1 Overview**

There are different procedures for tendering Shares depending on whether the Shares are held in certificated or uncertificated form (i.e. in CREST).

Qualifying Shareholders who hold Shares in certificated form and who wish to tender Shares must complete, sign and return the pink Tender Form in accordance with sub-paragraph 3.2.1 below and the instructions printed on the pink Tender Form. Qualifying Shareholders should complete separate pink Tender Forms for Shares held in certificated form but under different designations. The Share certificate(s) should be returned with the relevant pink Tender Form using the accompanying reply-paid envelope.

Additional pink Tender Forms are available from the Receiving Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, or by calling telephone number on 0333-207-6394 (or +44 121-415-0968 if calling from outside the UK). Lines are open from between 8.30 a.m. to 5.30 p.m. (UK time) on Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the Proposals nor give financial, tax, investment or legal advice.

If the Shares are held in uncertificated form (i.e. in CREST), they may be tendered only by sending a TTE Instruction in accordance with the procedures set out in sub-paragraph 3.2.2 below. Shareholders should send separate TTE Instructions for Shares held under different member account IDs.

#### **3.2 Return of pink Tender Forms or TTE Instructions (as applicable)**

##### *3.2.1 Shares held in certificated form (that is, not in CREST)*

The completed and signed pink Tender Form should be delivered to the Receiving Agent, by post in the accompanying reply-paid envelope (for use in the UK only) or by hand during normal business hours to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA so as to arrive by no later than 2.00 p.m. on Monday, 6 April 2020.

No pink Tender Forms received after this time will be accepted. Reply-paid envelopes are enclosed with the pink Tender Forms. No acknowledgement of receipt of documents will be given. Any pink Tender Form received in an envelope postmarked from a Restricted Territory or otherwise appearing to Equiniti Limited or Investec Bank or its agents to have been sent from any Restricted Territory may be rejected as an invalid tender. Further provisions relating to Restricted Shareholders are contained in paragraph 9 below.

The completed and signed pink Tender Form should be accompanied by the relevant Share certificate(s) and/or other document(s) of title. If some or all of your Share certificate(s) and/or other document(s) of title are not readily available (for example, if they are with your stockbroker, bank or other agent), or are lost, the pink Tender Form should nevertheless be completed, signed and returned as described above so as to be received by the Receiving Agent by not later than 2.00 p.m. on Monday 6 April 2020 together with any Share certificate(s) and/or other document(s) of title you may have available, accompanied by a letter stating that the (remaining) Share certificate(s) and/or other document(s) of title will be forwarded as soon as possible thereafter and, in any event, by no later than 2.00 p.m. on Monday, 6 April 2020.

The Receiving Agent, acting as your agent, will effect such procedures as are required to transfer your Shares to Investec Bank under the Tender Offer.

If you have lost your Share certificate(s) and/or other document(s) of title, you should either call the Receiving Agent using the telephone number provided in paragraph 3.1 above, or write to the Receiving Agent at the address provided at the beginning of this paragraph 3.2.1, for a letter of indemnity in respect of the lost Share certificate(s) and/or any other document(s) of title which, when completed in accordance with the instructions given, should be returned to the Receiving Agent at the address referred to at the beginning of this sub-paragraph 3.2.1 so as to be received by no later than 2.00 p.m. on Monday, 6 April 2020.

### 3.2.2 *Shares held in uncertificated form (that is, in CREST)*

If the Shares which you wish to tender are held in uncertificated form, you should take (or procure to be taken) the action set out below to transfer (by means of a TTE Instruction) the number of Shares which you wish to tender in the Tender Offer to an escrow balance, specifying the Receiving Agent in its capacity as a CREST receiving agent under its Participant ID (referred to below) as the Escrow Agent, as soon as possible and, in any event, so that the transfer to escrow settles by no later than 2.00 p.m. on Monday, 6 April 2020.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your Participant ID and the member account ID under which your Shares are held. In addition, only your CREST sponsor will be able to send the TTE Instruction to Euroclear in relation to the Shares which you wish to tender.

You should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- the ISIN number for the Shares: GB00B9XQT119;
- the number of Shares to be transferred to an escrow balance;
- your member account ID;
- your Participant ID;
- the Participant ID of the Escrow Agent in its capacity as a CREST receiving agent. This is: 5RA29;
- the member account ID of the Escrow Agent. This is: RA345601;
- the Corporate Action Number for the Tender Offer. This is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST;
- the intended settlement date for the transfer to escrow. This should be as soon as possible and in any event by no later than 2.00 p.m. on Monday 6 April 2020 ;
- a contact name and telephone number (in the free format shared note field); and
- a priority of at least 80.

After settlement of the TTE Instruction, you will not be able to access the Shares concerned in CREST for any transaction or for charging purposes, notwithstanding that they will be held by the Receiving Agent as your Escrow Agent until completion or lapsing of the Tender Offer. If the Tender Offer becomes unconditional, the Receiving Agent will transfer the Shares which are accepted for purchase by Investec Bank to itself as your agent for onward sale to Investec Bank. The input and settlement of a TTE Instruction in accordance with this paragraph 3.2.2 shall constitute an offer to Investec Bank to sell to it the number of Shares transferred to the escrow account referred to above.

It is recommended that you to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined above.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE Instruction relating to your Shares to settle prior to 2.00 p.m. on Monday, 6 April 2020. In connection with this, you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

### 3.2.3 *Deposits of Shares into, and withdrawals of Shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated

form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Shares or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Shares as a result of the conversion to take all necessary steps in connection with such person's participation in the Tender Offer (in particular, as regards delivery of Share certificates and/or other documents of title or transfer to an escrow balance as described above) prior to 2.00 p.m. on Monday, 6 April 2020.

### 3.3 **Validity of Tenders**

#### 3.3.1 *Shares held in certificated form*

Investec Bank reserves the right to treat as valid only pink Tender Forms which are received entirely in order by 2.00 p.m. on 6 April 2020 and which are accompanied by the relevant Share certificate(s) and/or other document(s) of title, or an indemnity acceptable to Investec Bank and the Company in lieu thereof, in respect of the entire number of Shares tendered.

#### 3.3.2 *Shares held in uncertificated form*

A pink Tender Form which is received in respect of Shares held in uncertificated form will not constitute a valid tender and will be disregarded. Shareholders holding Shares in uncertificated form who wish to tender such Shares should note that a TTE Instruction will be a valid tender as at Monday 6 April 2020 only if it has settled on or before 2.00 p.m. on that date.

The decision of Investec Bank as to which Shares have been validly tendered shall be conclusive.

### 3.4 **General**

Notwithstanding the powers in paragraph 6 below, Investec Bank reserves the right to treat as valid only pink Tender Forms or TTE Instructions which are received entirely in order by 2.00 p.m. on Monday 6 April 2020 and which are accompanied (in the case of Shares held in certificated form) by the relevant Share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu in respect of the entire number of Shares tendered. The Tender Offer Record Date is close of business on Monday, 6 April 2020.

Notwithstanding the completion of a valid pink Tender Form or the sending of a TTE Instruction, the Tender Offer may terminate or lapse in accordance with the terms and conditions set out in this Part III.

The decision of Investec Bank as to which Shares have been validly tendered shall be conclusive and binding on Shareholders who participate in the Tender Offer.

If you are in any doubt as to how to complete the pink Tender Form or as to the procedure for tendering Shares and you are a registered Shareholder, please contact Equiniti Limited by telephone on 0333-207-6394 (or +44 121-415-0968 if calling from outside the UK). Lines are open from between 8.30 a.m. to 5.30 p.m. (UK time) on Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the Proposals nor give financial, tax, investment or legal advice.

You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

## 4. **Announcement of the Tender Price and Settlement**

- 4.1 Unless terminated in accordance with the provisions of this Part III, the Tender Offer will close for Shareholders at 2.00 p.m. on Monday, 6 April 2020. Subject to the Conditions being satisfied, it is expected that on Wednesday, 8 April 2020 the Company will make a public announcement of the total number of Shares tendered. A further announcement will be made of the Tender Price, expected on or around Friday 24 April 2020. Thereafter, the actual repurchase of Shares pursuant to the Tender Offer is expected to take place on Monday, 4 May 2020.

- 4.2 Delivery of cash to Shareholders for the Shares to be purchased pursuant to the Tender Offer will be made by the Receiving Agent. The Receiving Agent will act as agent for Tendering Shareholders for the purpose of receiving the cash and transmitting such cash to Tendering Shareholders. Under no circumstances will interest be paid on the cash to be paid by the Company, Investec Bank or the Receiving Agent regardless of any delay in making such payment.
- 4.3 If any tendered Shares are not purchased because of an invalid tender, the termination of the Tender Offer or otherwise, relevant certificates evidencing any such Shares and other documents of title, if any, will be returned or sent as promptly as practicable, without expense to, but at the risk of, the Tendering Shareholder, or in the case of Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Shares held in escrow balances by TFE Instruction to the original available balances to which those Shares relate.
- 4.4 Settlement of the consideration to which any Shareholder is entitled pursuant to a valid tender accepted by Investec Bank is expected to be made by Tuesday, 12 May 2020 as follows:

4.4.1 *Shares held in certificated form (that is, not in CREST)*

Where an accepted tender relates to Shares held in certificated form, cheques for the consideration due will be dispatched by the Receiving Agent by first class post to the person or agent whose name and address is set out in Box 1 (or, if relevant, Box 4 of the pink Tender Form), or if none is set out, to the registered address of the Tendering Shareholder shown above Box 1 or, in the case of joint holders, the address of the first named. All cash payments will be made by cheque drawn on a branch of a UK clearing bank.

4.4.2 *Shares held in uncertificated form (that is, in CREST)*

Where an accepted tender relates to Shares held in uncertificated form in CREST, the consideration due will be paid by means of CREST by the Company procuring the creation of a CREST payment obligation in favour of the Tendering Shareholder's payment bank in accordance with the CREST payment arrangements.

The payment of any consideration to Shareholders for Shares pursuant to the Tender Offer will be made only after the relevant TTE Instruction has settled or (as the case may be) timely receipt by the Receiving Agent of certificates and/or other requisite documents evidencing such Shares, a properly completed and duly executed pink Tender Form and any other documents required by the Tender Offer or this Part III. Payment of the Tender Price due to Shareholders whose tenders under the Tender Offer have been accepted will be made in Sterling.

## **5. Representations and Warranties**

Each Shareholder who executes, or on whose behalf, a pink Tender Form and/or TTE Instruction (as applicable) is executed, irrevocably undertakes, represents, warrants and agrees to and with Investec Bank (for itself and as trustee for the Company) and so as to bind him, her or it and their personal representatives, heirs, successors and assignees, that:

- 5.1 the execution of the pink Tender Form or TTE Instruction shall constitute an offer to sell to Investec Bank such Shareholder's shareholding as at the Tender Offer Record Date or, if relevant, the number of Shares inserted in Box 2A or Box 2B of the pink Tender Form or submitted in the TTE Instruction (as applicable), in each case, on and subject to the terms and conditions set out or referred to in this Circular and the pink Tender Form or the TTE Instruction (as applicable), and that, once lodged, such offer shall be irrevocable;
- 5.2 such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by Investec Bank, Investec Bank will acquire such Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after Monday, 4 May 2020 (per the expected timetable), including the right to receive all dividends and other distributions declared, paid or made after that date;

- 5.3 if such Shareholder holds Shares in certificated form, the execution of the pink Tender Form will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of Investec Bank as such Shareholder's attorney and/or agent ("attorney"), and an irrevocable instruction to the attorney to:
- (A) complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to the Shares referred to in sub-paragraph 5.1.1 above in favour of Investec Bank or such other person or persons as Investec Bank may direct; and
  - (B) deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney, together with the Share certificate(s) and/or other document(s) relating to such Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Investec Bank or its nominee(s) or such other person(s) as Investec Bank may direct such Shares;
- 5.4 if such Shareholder holds Shares in uncertificated form (that is, in CREST), the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as such Shareholder's escrow agent ("**Escrow Agent**") and an irrevocable instruction and authority to the Escrow Agent, to transfer to itself and then to transfer to Investec Bank by means of CREST (or to such person or persons as Investec Bank may direct) all of the Relevant Shares (as defined below) accepted under the Tender Offer or where there are Shares which have not been successfully tendered under the Tender Offer, to transfer the Relevant Shares to the original available balances from which those Shares came. For the purposes of this paragraph 5.4, Relevant Shares means Shares held in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in this Part III;
- 5.5 such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by Investec Bank of the Receiving Agent or any of their respective directors or any person nominated by Investec Bank or the Receiving Agent in the proper exercise of its or his or her powers and/or authorities hereunder;
- 5.6 if such Shareholder holds Shares in certificated form, he, she or it will deliver to the Receiving Agent, Equiniti Limited their Share certificate(s) and/or other document(s) of title in respect of the Shares referred to in sub-paragraph 5.1 above, or an indemnity acceptable to Investec Bank and the Company in lieu thereof, or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, by no later than 2.00 p.m. on Monday, 6 April 2020;
- 5.7 such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by Investec Bank to be desirable, in each case to ensure compliance with applicable anti-money laundering laws and regulations and/or to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder; and agrees to ratify and confirm each and every act or thing which may be done or effected by Investec Bank or the Receiving Agent or any of their respective directors or officers or any person nominated by Investec Bank or the Receiving Agent in the proper exercise of its or his or her powers and/or authorities hereunder;
- 5.8 such Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to and accepted by him, her or it under the laws of the relevant jurisdiction;
- 5.9 such Shareholder has not received or sent copies or originals of this Circular or the pink Tender Form or any related documents to a Restricted Territory and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, internet, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Territory, that the pink Tender Form has not been mailed or otherwise sent in, into or from any Restricted Territory and that such Shareholder is not accepting the Tender Offer from any Restricted Territory;
- 5.10 the provisions of the pink Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- 5.11 in the case of Shares held in certificated form, the dispatch of a cheque in respect of the Tender Price to a Shareholder at their registered address or such other address as is specified in the pink Tender



Form will constitute a complete discharge by the Company of its obligations to make such payment to such Shareholder;

- 5.12 in the case of Shares held in uncertificated form (that is, in CREST), the creation of a CREST payment in favour of such Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in paragraph 4.4. above will, to the extent of the obligations so created, fully discharge any obligation of Investec Bank to pay to such Shareholder the cash consideration to which they are entitled in the Tender Offer;
- 5.13 on execution, the pink Tender Form takes effect as a deed under English law;
- 5.14 the execution of the pink Tender Form or the input of a TTE Instruction constitutes such Shareholder's submission to the jurisdiction of the High Court of Justice in England and Wales in relation to all matters arising out of or in connection with the Tender Offer;
- 5.15 if the appointment of the attorney or the Escrow Agent under sub-paragraphs 5.3 or 5.4 above shall be unenforceable or invalid or shall not operate so as to afford to Investec Bank or the Receiving Agent the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable Investec Bank and/or the Receiving Agent to secure the full benefits of sub-paragraphs 5.3 or 5.4 above; and
- 5.16 in the case of Shares held in uncertificated form, such Shareholder shall not take any action which would prevent Investec Bank or the Receiving Agent from cancelling the Shares to which the TTE Instructions relate.

A reference in this paragraph 5 to a Shareholder includes a reference to the person or persons executing the pink Tender Form or submitting a TTE Instruction and in the event of more than one person executing a pink Tender Form or submitting a TTE Instruction, the provisions of this paragraph 5 will apply to them jointly and to each of them.

## **6. Additional Provisions**

- 6.1 Each Qualifying Shareholder will be entitled to have accepted in the Tender Offer valid tenders to Investec Bank up to their entire shareholding as at the Tender Offer Record Date. In respect of Shares held in certificated form, if in Investec Bank's determination (in its absolute discretion) Box 2 of the pink Tender Form has not been validly completed in respect of the number of Shares to be tendered and provided that the pink Tender Form is otherwise in order and accompanied by all other relevant documents, a Shareholder may be deemed to have accepted the Tender Offer in respect of the whole of the Tendering Shareholder's shareholding as at the Tender Offer Record Date.
- 6.2 Shares acquired by Investec Bank under the Tender Offer will be on-market purchases by Investec Bank (acting as principal) in accordance with the rules of the FCA, the London Stock Exchange and the FCA and market acquisitions in accordance with the Companies Act.
- 6.3 Shares sold by Shareholders pursuant to the Tender Offer will be acquired with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto by Monday, 4 May 2020 (per the expected timetable), including the right to receive all dividends and other distributions declared, paid or made after that date.
- 6.4 Each Shareholder who tenders or procures the tender of Shares will thereby be deemed to have agreed that, in consideration of Investec Bank agreeing to process their tender, such Shareholder will not revoke their tender or withdraw their Shares. Shareholders should note that, once tendered, Shares may not be sold, transferred, charged or otherwise disposed of.
- 6.5 Any omission to dispatch this Circular or the pink Tender Form or any notice required to be dispatched under the terms of the Tender Offer to, or any failure to receive the same by, any person entitled to participate in the Tender Offer shall not invalidate the Tender Offer in any way or create any implication that the Tender Offer has not been made to any such person.
- 6.6 No acknowledgement of receipt of any pink Tender Form, TTE Instruction, Share certificate(s) and/or other document(s) of title will be given. All communications, notices, certificates, documents of title

and remittances to be delivered by or sent to or from Shareholders (or their designated agents) will be delivered by or sent to or from such Shareholders (or their designated agents) at their own risk.

- 6.7 All powers of attorney and authorities on the terms conferred by or referred to in this Part III or (in the case of Shares held in certificated form) in the pink Tender Form are given by way of security for the performance of the obligations of the Shareholders concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971.
- 6.8 All tenders in respect of Shares held in certificated form subject to paragraph 8 and 9 below, must be made on the relevant prescribed pink Tender Form, fully completed in accordance with the instructions set out thereon which constitute part of the terms of the Tender Offer. A tender in respect of Shares held in certificated form will only be valid when the procedures contained in these terms and conditions and in the pink Tender Form are complied with. The Tender Offer and all other tender offers and any non-contractual obligations arising out of or in connection with the Tender Offer and all such other tender offers (and any dispute, controversy or claim of whatever nature arising out of or in any way relating to the Tender Offer and other such tender offers or any non-contractual obligations arising out of or in connection with the Tender Offer and other such tender offers) will be governed by and construed in accordance with English law. Delivery or posting of a pink Tender Form or the transmission of a TTE Instruction in CREST will constitute submission to the jurisdiction of the High Court of Justice in England and Wales.
- 6.9 If the Tender Offer is terminated or lapses, all documents lodged pursuant to the Tender Offer will be returned promptly by post, within 14 Business Days of the Tender Offer terminating or lapsing, to the person or agent whose name and address is set out in Box 1 or Box 4 of the pink Tender Form or, if none is set out, to the Tendering Shareholder or, in the case of joint holders, the first named at his, her or its registered address as shown above Box 1. In any of these circumstances, pink Tender Forms will cease to have any effect. In the case of Shares held in uncertificated form, the Escrow Agent will, within 14 Business Days of the Tender Offer lapsing, give instructions to CREST to transfer all Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Tender Offer by TFE Instruction to the original available balances to which those Shares relate. In any of these circumstances, the pink Tender Forms and TTE Instructions will cease to have any effect.
- 6.10 The instructions, terms, provisions and authorities contained in or deemed to be incorporated in the pink Tender Form shall constitute part of the terms of the Tender Offer applicable to Shares held in certificated form. The definitions set out in this Circular apply to the terms and conditions set out in this Part III.
- 6.11 Subject to paragraphs 8 and 9 below, the Tender Offer is open to Shareholders on the Register on the Tender Offer Record Date, and will close at 2.00 p.m. on Monday, 6 April 2020. No pink Tender Form, Share certificate(s) and/or other document(s) of title or indemnity or TTE Instruction received after that time will be accepted.
- 6.12 Further copies of this Circular and copies of the pink Tender Form may be obtained on request from the Receiving Agent at the addresses set out on page 1 of the pink Tender Form.

## **7. Termination of the Tender Offer**

If the Company (acting through the Directors) and/or Investec Bank, at any time prior to the Tender Offer becoming unconditional, determines that: (i) as a result of any change in national or international financial, economic, political or market conditions, the cost of realisation of assets to fund the Tender Offer has become prohibitive; or (ii) in its reasonable opinion the completion of the purchase of Shares in the Tender Offer could have unexpected adverse fiscal or other consequences (whether by reason of a change in legislation or practice or otherwise) for the Company or its Shareholders if the Tender Offer were to proceed, Investec Bank and/or the Company shall be entitled at their complete discretion, by a public announcement and subsequent written notice to Shareholders, to withdraw the Tender Offer, and in such event the Tender Offer shall cease and determine absolutely.

## **8. Miscellaneous**

- 8.1 Any changes to the terms, or any extension or termination of the Tender Offer will be followed as promptly as practicable by a public announcement thereof no later than 11.00 a.m. on the Business Day following the date of such changes. In this case, the definitions, times and dates mentioned throughout this Circular shall be deemed to be adjusted accordingly. Such an announcement will be released to an RIS. References to the making of an announcement by the Company includes the release of an announcement on behalf of the Company to the press and delivery of, or telephone or facsimile or other electronic transmission of, such announcement to an RIS.
- 8.2 Shares purchased pursuant to the Tender Offer will, following the completion of the Tender Offer, be held in treasury.
- 8.3 Except as contained in this Circular, no person has been authorised to give any information or make any representations with respect to the Company or the Tender Offer and, if given or made, such other information or representations should not be relied on as having been authorised by Investec Bank or the Company. Under no circumstances should the delivery of this Circular or the delivery of any consideration pursuant to the Tender Offer create any implication that there has been no change in the assets, properties, business or affairs of the Company since the date of this Circular.
- 8.4 Investec Bank reserves the absolute right to inspect (either itself or through its agents) all pink Tender Forms and may consider void and reject any tender that does not in Investec Bank's sole judgement (acting reasonably) meet the requirements of the Tender Offer. Investec Bank also reserves the absolute right to waive any defect or irregularity in the tender of any Shares, including any pink Tender Form (in whole or in part) which is not entirely in order or which is not accompanied by (in the case of Shares held in uncertificated form) the relevant TTE Instruction or (in the case of Shares held in certificated form), the related Share certificate(s) and/or other document(s) of title or an indemnity acceptable to Investec Bank in lieu thereof. In that event, for Shares held in certificated form, the consideration in the Tender Offer will only be dispatched when the pink Tender Form is entirely in order and the Share certificate(s) and/or other document(s) of title or indemnities satisfactory to Investec Bank and the Company has/have been received. None of Investec Bank, the Company, the Receiving Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification.
- 8.5 The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to the Tender Offer.

## **9. Restricted Shareholders and Other Overseas Shareholders**

- 9.1 The provisions of this paragraph 9 and any other terms of the Tender Offer relating to Restricted Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by Investec Bank in consultation with the Company but only if Investec Bank and the Company are satisfied that such a waiver, variance or modification will not constitute or give rise to a breach of applicable securities or other laws.
- 9.2 Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Overseas Shareholder wishing to tender Shares to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection herewith, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Overseas Shareholders will be responsible for the payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and Investec Bank and the Company and any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extension of the Tender Offer or the distribution of the pink Tender Forms in any territory outside the United Kingdom.
- 9.3 The Tender Offer is not being made to Restricted Shareholders. Restricted Shareholders are being excluded from the Tender Offer in order to avoid offending applicable local laws relating to the implementation of the Tender Offer. Accordingly, copies of this Circular or any accompanying documents are not being and must not be mailed or otherwise distributed into a Restricted Territory,

including to Shareholders with registered addresses in Restricted Territories. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute or send them in or into a Restricted Territory or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, as so doing will render invalid any related purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Tender Offer. Envelopes containing pink Tender Forms should not be postmarked from a Restricted Territory or otherwise dispatched to a Restricted Territory and accepting Shareholders must not provide Restricted Territory addresses for the remittance of cash or return of pink Tender Forms.

- 9.4 A Shareholder will be deemed not to have made a valid tender if: (i) such Shareholder is unable to make the representations and warranties set out in paragraph 5; or (ii) in the case of Shares held in certificated form, such Shareholder inserts in Box 1 or Box 4 of the pink Tender Form the name and address of a person or agent in a Restricted Territory to whom they wish the consideration to which such Shareholder is entitled in the Tender Offer to be sent; or (iii) in the case of Shares held in certificated form, the pink Tender Form received from him, her or it is in an envelope postmarked in, or which otherwise appears to Investec Bank or its agents to have been sent from, a Restricted Territory. Investec Bank reserves the right, in its absolute discretion, to investigate, in relation to any acceptance, whether the representations and warranties referred to in paragraph 5 above given by any Shareholder are correct and, if such investigation is undertaken and as a result Investec Bank determines (for any reason) that such representations and warranties are not correct, such acceptance shall not be valid.
- 9.5 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this Circular, the pink Tender Form or any related offering documents in or into a Restricted Territory or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex, internet and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange in, a Restricted Territory in connection with such forwarding, such person should: (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this paragraph 9.
- 9.6 Overseas Shareholders (who are not Restricted Shareholders) should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

## **10. Modifications**

The terms of the Tender Offer shall have effect subject to such modifications or additions as the Company and Investec Bank may from time to time approve in writing, and the times and dates referred to in this Circular may be amended by the Company and Investec Bank. In the case of any material amendments to the terms of the Tender Offer or amendments to any of the times and dates set out on page 4 of this Circular, such amendments will be notified to Shareholders by an RIS announcement.

## PART IV

### RISKS ASSOCIATED WITH THE PROPOSALS

**The Directors consider the following risks should be considered by Shareholders prior to deciding how to cast their votes at the General Meeting and whether or not to participate in the Tender Offer. Shareholders who are in any doubt as to the contents of this Circular or as to the action to be taken should immediately consult their stockbroker, bank manager, solicitor, accountant or other appropriately qualified financial adviser authorised under FSMA if they are in the United Kingdom, or another appropriately authorised financial adviser if they are in a territory outside the United Kingdom.**

**Shareholders should carefully consider all of the information set out in this Circular including, in particular, the risks associated with the Tender Offer described below, as well as their own personal circumstances, prior to making any decisions as to whether or not to vote in favour of the Resolution and/or tender any Shares in the Tender Offer.**

**The risks and uncertainties described below are not intended to be exhaustive and additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect on the Company and/or be relevant to Shareholders in their consideration of the Proposals.**

#### **1. Risks factors relating to the Tender Offer**

- Shareholders tendering Shares for sale under the Tender Offer will receive the Tender Price, which may be less than the price at which they bought their Shares or the price or value at which they might ultimately realise their Shares should they continue to hold them.
- The Tender Offer is subject to the Continuation Conditions, the non-fulfilment of which would mean that the Tender Offer could not be implemented and that the Company would have to bear the abortive costs associated with the proposed Tender Offer.
- In order to pay the consideration to which Shareholders are entitled pursuant to the Tender Offer, the Company may use a significant amount of its distributable reserves. As a result, the implementation of the Tender Offer will temporarily reduce the liquidity of the Company's portfolio.
- The Tender Offer is not conditional on the Shares trading at a discount to NAV as at the Calculation Date (i.e. the mid-market share price per Share being at a discount to the NAV per Share on the Calculation Date). In the event that Shares are trading at a premium to the NAV per Share as at the Calculation Date (i.e. the mid-market share price per Share being at a premium to the NAV per Share on the Calculation Date), Shareholders who tender Shares may receive less than they may otherwise be able to realise in the market.
- Pink Tender Forms and TTE Instructions, once submitted, are irrevocable and may only be withdrawn with the consent of the Company. Shareholders should note that all Shares tendered will be held in escrow by the Receiving Agent and may not be switched, sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer. The price of the Shares and the NAV may rise or fall following submission of a pink Tender Form and/or TTE Instruction. If the Tender Offer lapses or is terminated in accordance with the terms and conditions set out in this Circular, all tendered Shares will be returned to the relevant Shareholders.
- The Tender Price will be dependent on the NAV as at the Calculation Date and is likely to differ from the illustrative figures provided in this Circular.
- The number of Shares in issue may be reduced as a result of the Tender Offer. Accordingly, the fixed costs of the Company following completion of the Tender Offer may be spread over fewer Shares, and there may be an increase in the impact of the fixed costs of the Company on the NAV per Share.

- Shareholders should be aware that the past performance of the Company should not be taken to be a guide to its future performance. In particular, the investment strategy employed depends on the identification of certain market trends which in turn determine the allocation of assets. In markets where trends are not identifiable, past performance of the Company may not be replicated. The price and/or NAV per Share may go down as well as up.
- The market price of the Shares may not reflect their underlying NAV and the discount (or premium) to NAV at which Shares trade may vary from day to day for a variety of reasons, including due to market or economic conditions. Where the Directors utilise a proactive policy seeking to mitigate any discount to NAV, there can be no guarantee that this will be successful and the Directors accept no responsibility for any failure of any such strategy to effect a reduction in any discount.

## **2. Risks factors relating to the amendments set out in the New Articles**

- Each five-yearly Subsequent Tender Offer provided for in the New Articles is subject to a special resolution passed by Shareholders at the annual general meeting in each year that a tender is proposed. There can be no guarantee that each Subsequent Tender Offer at each five-yearly interval will take place. Each Subsequent Tender Offer is subject to the Company having sufficient distributable reserves, Shareholder approval, being in compliance with all other applicable laws and is expected to attract continuation conditions of a similar nature to the Continuation Conditions of the Tender Offer (at the absolute discretion of the Board). Although the Board proposes to entrench each Subsequent Tender Offer in the New Articles such that at five-yearly intervals a resolution is proposed, the Company's ability to utilise them is not guaranteed, for example:
  - continuation conditions of a similar nature to the Continuation Conditions of the Tender may not be met;
  - Shareholders may require amendments to the Articles of Association to remove the requirement for a Subsequent Tender Offer;
  - at the annual general meeting in the year of each Subsequent Tender Offer, the special resolution required to approve the tender offer may not pass;
  - applicable law that the Company is subject to may be amended in the future, resulting in different obligations that the Company is unable to comply with;
  - in the year in question, the Company may be in possession of inside information and may be unable to buy-back Shares; and
  - the terms and conditions of each Subsequent Tender Offer are at the complete discretion of the Board and, as a result, you may consider the terms to be unfavourable to certain Shareholders.
- The proposed increase to maximum borrowings means that the Company may utilise leverage in order to increase its investment exposure with a view to achieving its target returns within certain volatility parameters. While leverage presents opportunities for increasing total returns, it can also have the opposite effect of increasing losses. If income and capital appreciation on investments made with borrowed funds are less than the costs of the leverage, the NAV will decrease. The effect of the use of leverage is to increase the investment exposure, the result of which is that, in a market that moves adversely, the possible resulting loss to investors' capital would be greater than if leverage were not used.

## PART V

### UK TAXATION

**The following comments are intended only as a general guide to certain aspects of current UK law and HMRC published practice, and do not constitute tax advice. They are of a general nature and apply only to Shareholders who are resident in the UK (except where otherwise indicated) and who hold their Ordinary Shares beneficially as an investment. They do not address the position of certain classes of Shareholders such as dealers in securities or Shareholders who have acquired their Shares by virtue of an office or employment.**

A Shareholder who sells Shares in the Tender Offer should be treated, for the purposes of UK taxation, as though the Shareholder has sold them in the normal way to a third party. Accordingly, and subject to the comments in the next paragraph, any such Shareholder who is UK resident for tax purposes may, depending on that Shareholder's personal circumstances, be subject to capital gains tax (or, in the case of a corporate Shareholder, corporation tax on chargeable gains) in respect of any gain arising on such sale. Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK taxation on chargeable gains arising from the sale of their Shares unless those Shares are held for the purposes of a UK permanent establishment, branch or agency, although they may be subject to foreign taxation depending on their personal circumstances. Individual Shareholders who are temporarily not resident in the UK for tax purposes may be liable to capital gains tax under tax anti-avoidance legislation.

**Shareholders who are subject to tax in a jurisdiction other than the UK or who are in any doubt as to the potential tax consequences of selling their Shares are strongly recommended to consult their own professional advisers before making any such sales.**

Application has not been made to HMRC for clearance under section 748 of the Corporation Tax Act 2010 ("**CTA**") or section 701 of the Income Tax Act 2007 ("**ITA**") that the anti-avoidance provisions of Part 15 of the CTA or Part 13 of the ITA should not apply to the Tender Offer. Part 15 of the CTA and Part 13 of the ITA permit HMRC to counteract tax advantages arising from certain transactions in securities by for example treating some or all of the proceeds of capital disposals as distributions of income. However, these sections do not apply where it can be shown, in the case of any corporation tax advantage, that the transactions in question were entered into for genuine commercial reasons and in the case of any corporation or income tax advantage that the transactions in question did not have as their main purpose or one of their main purposes the obtaining of any tax advantage. Accordingly, these sections are not expected to apply generally in the context of the Tender Offer. Shareholders are advised to take independent advice as to the potential application of Part 15 of the CTA and Part 13 of the ITA in the light of their own particular motives and circumstances.

Stamp duty or stamp duty reserve tax at the rate of 0.5 per cent. of the Tender Price (rounded up to the nearest £5 in the case of stamp duty only) will be payable by the Company on Shares repurchased by it pursuant to the Tender Offer. Tender Price will be equal to the NAV per Share as at the Calculation Date (before deducting, for the avoidance of doubt, any expenses relating to the implementation of the Proposals) less the Tender Offer Expenses per Share. Any stamp duty incurred by the Company will be included in the Tender Offer Expenses and so will be charged, indirectly through such deduction from the Tender Price, to the tendering Shareholders.

If you are in any doubt as to your taxation position you should consult an appropriate professional adviser without delay.

The information relating to taxation set out above is a general guide and is not exhaustive. It is based on law and practice currently in force in the UK and is subject to changes therein possibly with retrospective effect.

## PART VI

### ADDITIONAL INFORMATION

#### 1. Material contracts

##### 1.1 *The Repurchase Agreement*

By a Repurchase Agreement between the Company and Investec Bank dated on or around 12 March 2020, the Company has agreed to purchase, and Investec Bank has agreed to sell to the Company, as an on-market purchase and at a price per Share equal to the Tender Price, all of the Shares purchased by Investec Bank pursuant to the Tender Offer, such purchase and sale to be completed immediately following the purchase of those Shares by Investec Bank.

Under the Repurchase Agreement, which is conditional on the Tender Offer becoming unconditional in all respects and not lapsing or terminating in accordance with its terms, the Company shall pay an amount equal to the Tender Price multiplied by the number of Shares successfully tendered to a non-interest bearing account with the Receiving Agent in the name of the Company as soon as practicable so as to be received in cleared funds by no later than 12.00 p.m. on Monday, 11 May 2020 (or such later date as may be agreed in writing by Investec Bank and the Company).

The Repurchase Agreement contains representations and warranties from the Company in favour of Investec Bank and incorporates an indemnity in favour of Investec Bank in respect of any liability which it may suffer in relation to its performance pursuant to the Tender Offer.

The Repurchase Agreement also contains certain representations, warranties and undertakings from Investec Bank in favour of the Company concerning its authority to enter into the agreement and to make the purchase of Shares pursuant to the Tender Offer.

##### 1.2 *The Amended and Restated IMA*

Conditional on the Proposals taking effect, the Company and the Investment Manager will enter into the Amended and Restated IMA to be dated on or around Tuesday, 7 April 2020, pursuant to which the Company and the Investment Manager will agree,:(i) to amend the base fee and performance fee payable by the Company to the Investment Manager; and (ii) to introduce the New Benchmark Index.

With respect to the base fee, such base fee rate will now be reduced, with effect from Tuesday, 7 April 2020, to a rate of 0.70 per cent. of NAV on the relevant day.

With respect to the performance fee, from Tuesday, 7 April 2020, the performance fee will remain at 10 per cent. of the excess return over the performance fee hurdle but the payment conditions will change to increase the performance fee hurdle, to the New Benchmark Index plus 1.5 per cent. , compounded annually (as opposed to 1.25 pence per Share over the current benchmark index as currently applicable). The performance fee will be calculated on NAV and will be payable at five-yearly intervals as outlined in more detail in paragraph 4 of Part I of this Circular above.

#### 2. Investment Policy comparison

##### *“Investment objective*

The Company’s investment objective is to generate for investors a growing dividend income together with capital appreciation.

##### *Investment policy*

The Company will seek to achieve its objective by investing primarily in a global portfolio consisting of listed or quoted securities issued by companies in the financials sector operating in the banking, insurance, property and other sub-sectors.

The portfolio is expected to be diversified by factors including geography, industry sub-sector and stock market capitalisation. The Company may have a small exposure to unlisted and unquoted companies, but in aggregate this is not expected to exceed 10 per cent. of total assets at the time of investment. The Company will not invest more than 10 per cent. of total assets, at the time of investment, in other listed



closed-ended investment companies and no single investment will normally account for more than 10 per cent. of the portfolio at the time of investment.

The Company will employ cautious levels of borrowing from time to time with the aim of enhancing returns, subject to an overall maximum of 1520 per cent. of net assets at the time the relevant borrowing is taken out. Actual levels of borrowing may change from time to time based on the Manager's assessment of risk and reward.

The Company may invest through equities, index-linked, equity-linked and other debt securities, cash deposits, money market instruments, foreign currency exchange transactions, forward transactions, index options and other interests including derivative instruments. Forward transactions, derivatives (including put and call options on individual positions or indices) and participation notes may be used to gain exposure to the securities of companies falling within the Company's investment policy or to seek to generate income from the Company's position in such securities, as well as for efficient portfolio management. Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described in this investment policy. The Company may hedge exposure to foreign currencies if considered appropriate for efficient portfolio management."

### **3. City Code**

- 3.1 Under Rule 9 of the City Code on Takeovers and Mergers (the "**City Code**"), any person who acquires an interest (as defined in the City Code) in shares which, taken together with shares in which they are already interested and in which persons acting in concert with them are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.
- 3.2 Similarly, when any person, together with persons acting in concert with them, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.
- 3.3 An offer under Rule 9 of the City Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with them, for any interest in shares of the company during the 12 months prior to the announcement of the offer.
- 3.4 Under Rule 9.1 of the City Code, except with the consent of the Panel on Takeovers and Mergers (the "**Panel**"), when any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with them are interested) carry 30 per cent. or more of the voting rights of a company, such person shall extend offers, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.
- 3.5 Investec Bank will purchase, as principal, Shares under the Tender Offer which could result in Investec Bank owning 30 per cent. or more of the issued Share capital of the Company. Investec Bank has undertaken that, immediately subsequent to such purchase, it will sell all those Shares to the Company at the Tender Price as provided in the Repurchase Agreement. Accordingly, a waiver has been obtained from the Panel in respect of the application of Rule 9 to the purchase by Investec Bank of the Shares under the Tender Offer.

### **4. General**

- 4.1 Investec Bank has given and not withdrawn its written consent to the issue of this Circular with its letter and with the references to its name in the form and context in which they are included.
- 4.2 Polar Capital LLP has given and not withdrawn its written consent to the issue of this Circular with its letter and with the references to its name in the form and context in which they are included.

**12 March 2020**

## DEFINITIONS

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

<b>“AGM”</b>	the annual general meeting of the Company, generally convened for May in each year
<b>“AIC”</b>	the association of investment companies
<b>“AIF”</b>	an alternative investment fund
<b>“AIFMD”</b>	the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010
<b>“Amended and Restated IMA”</b>	the agreement amending the Existing Investment Management Agreement between the Company and the Investment Manager in the manner described in paragraph 4 of Part I of this Circular and summarised in paragraph 1.2 of Part VI of this Circular
<b>“Annual Report”</b>	the annual report of the Company, for the year ended 30 November 2019
<b>“Articles of Association” or “Articles”</b>	the articles of association of the Company, as amended and restated from time to time
<b>“Board” or “Directors”</b>	the directors of the Company or any duly constituted committee thereof
<b>“Business Day”</b>	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
<b>“Calculation Date”</b>	close of business on 24 April 2020, or such other date as may be selected by the Directors, being the date and time at which the Company will calculate the Tender Price
<b>“certificated” or “in certificated form”</b>	not in uncertificated form
<b>“Chairman’s Letter”</b>	the letter from the Chairman of the Company set out on pages 5 to 15 and forming Part I of this Circular
<b>“Circular”</b>	this document
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Companies Act”</b>	the Companies Act 2006, as amended from time to time
<b>“Company”</b>	Polar Capital Global Financials Trust plc
<b>“Continuation Conditions”</b>	together, the Minimum Participation Condition and the Shares in Public Hands Condition
<b>“CREST”</b>	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations

<b>“CREST Manual”</b>	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
<b>“CREST Sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor, being a sponsoring system participant (as defined in the CREST Regulations)
<b>“ERISA”</b>	the Employee Retirement Income Security Act of 1974
<b>“Escrow Agent”</b>	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>“Existing Articles”</b>	the Articles of Association as at the date of this Circular
<b>“Existing Investment Management Agreement”</b>	the investment management agreement between the Company and the Investment Manager dated 21 July 2014 and amended on 26 April 2017, 2 January 2018 and 25 April 2018
<b>“FCA”</b>	the Financial Conduct Authority
<b>“Form of Proxy”</b>	the form of proxy for use by Shareholders at the General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended
<b>“General Meeting”</b>	a general meeting of the Company to be held at 4.30 p.m. on Tuesday, 7 April 2020
<b>“GM Notice”</b>	the notice convening the General Meeting set out at the end of this Circular
<b>“HMRC”</b>	HM Revenue & Customs
<b>“Implementation Costs”</b>	professional and other fees and expenses incurred by the Company in connection with the implementation of the Proposals (but excluding, for the avoidance of doubt, the Stamp Duty Costs and the Portfolio Disposal Costs)
<b>“Investec Bank”</b>	Investec Bank plc
<b>“Investment Manager”</b>	Polar Capital LLP
<b>“Investment Policy”</b>	the investment objective and policy of the Company as set out in the Company’s prospectus dated 10 June 2013
<b>“Listing Rules”</b>	the listing rules made by the FCA under section 74 of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“member account ID”</b>	the identification code or number attached to any member account in CREST
<b>“Minimum Participation Condition”</b>	has the meaning given in paragraph 10 of Part I of this Circular

<b>“NAV”</b>	the total assets of the Company less its total liabilities (including accrued but unpaid fees) in each case valued in accordance with the accounting policies adopted by the Company from time to time and expressed in Sterling
<b>“NAV per Share”</b>	the NAV divided by the number of Shares in issue (excluding Shares held in treasury)  the Net Asset Value divided by the number of Shares in issue
<b>“New Articles”</b>	the proposed new Articles of Association to be adopted upon the passing of the Resolution at the General Meeting
<b>“New Benchmark Index”</b>	MSCI ACWI Financials Net Total Return Index (in Sterling, with net dividends reinvested)
<b>“Official List”</b>	the Official List maintained by the FCA
<b>“Overseas Shareholders”</b>	Shareholders who are resident in, or citizens of, territories outside the United Kingdom and not resident in, or citizens of, any of the Restricted Territories
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Participant ID”</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
<b>“Portfolio Disposal Costs”</b>	any fees, costs and expenses incurred by the Company in connection with the disposal of assets pursuant to the implementation of the Tender Offer including the impact of any bid-offer spread on the sale of investments
<b>“Proposals”</b>	has the meaning as set out in paragraph 1.1 of Part I of this Circular
<b>“Qualifying Shareholders”</b>	Shareholders on the Register at the Tender Offer Record Date (as the context requires) with the exclusion of Restricted Shareholders
<b>“Receiving Agent” and “Registrar”</b>	Equiniti Limited of Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
<b>“Register”</b>	the register of Shareholders
<b>“Repurchase Agreement”</b>	the agreement between the Company and Investec Bank dated on or around 12 March 2020 whereby the Company has agreed to purchase, and Investec Bank has agreed to sell to the Company, as an on-market purchase at the Tender Price, all of the Shares purchased by Investec Bank pursuant to the Tender Offer as summarised in paragraph 1.1 of Part VI of this Circular
<b>“Resolution”</b>	the special resolution to be proposed at the General Meeting
<b>“Restricted Shareholders”</b>	Shareholders who are resident in, or citizens of, a Restricted Territory
<b>“Restricted Territories”</b>	any of the following territories: Australia, Canada, Japan, South Africa and the United States or any other jurisdiction in which the making of the Tender Offer may result in the contravention of any registration or other legal requirement of such jurisdiction
<b>“RIS”</b>	a regulatory information service approved by the FCA and on the list of regulatory information services maintained by the FCA

<b>“Shareholders”</b>	holders of Shares
<b>“Shares” or “Ordinary Shares”</b>	ordinary shares of 5 pence each in the capital of the Company
<b>“Shares in Public Hands Condition”</b>	the Listing Rule requirement that at least 25 per cent. of the Shares of a listed company shall be in “public hands” (as defined in the Listing Rules)
<b>“Stamp Duty Costs”</b>	any stamp duty payable by the Company in connection with the Tender Offer
<b>“Sterling” or “£”</b>	the lawful currency of the United Kingdom
<b>“Subsequent Tender Offers”</b>	liquidity events for Shareholders, by way of tender offer, at five-yearly intervals, the first of which shall be proposed on or before 30 June 2025
<b>“Tender Form”</b>	the pink personalised tender form accompanying this Circular for use in connection with the Tender Offer
<b>“Tender Offer”</b>	the invitation by Investec Bank to Qualifying Shareholders to tender Shares for purchase on the terms and subject to the conditions set out in this Circular and the Tender Form
<b>“Tender Offer Expenses”</b>	the aggregate of: (i) the Implementation Costs allocable (on a <i>pro rata</i> basis) to Shareholders participating in the Tender Offer; (ii) the Stamp Duty Costs; and (iii) the Portfolio Disposal Costs, capped at an aggregate amount equal to 1 per cent. of the Company’s NAV as at the Calculation Date
<b>“Tender Offer Expenses Per Share”</b>	the Tender Offer Expenses divided by the total number of Shares in issue on the Calculation Date (excluding Shares held in treasury)
<b>“Tender Offer Record Date”</b>	close of business on 6 April 2020
<b>“Tender Price”</b>	the price per Share at which Shares will be purchased under the Tender Offer, being equal to the NAV per Share as at the Calculation Date (before deducting, for the avoidance of doubt, any expenses relating to the implementation of the Proposals) less the Tender Offer Expenses per Share
<b>“Tendering Shareholder”</b>	a Shareholder who has tendered Shares pursuant to the Tender Offer
<b>“TFE Instruction”</b>	a transfer from escrow instruction (as defined in the CREST Manual)
<b>“TTE Instruction”</b>	a transfer to escrow instruction (as defined in the CREST Manual)
<b>“uncertificated” or “in uncertificated form”</b>	a Share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland

Unless otherwise stated in this Circular, all references to statute or other forms of legislation shall refer to statute or other forms of legislation of the UK.

# POLAR CAPITAL GLOBAL FINANCIALS TRUST PLC

*(incorporated and registered in England and Wales under number 08534332 and registered as an investment company under Section 833 of the Companies Act 2006)*

## NOTICE OF GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a general meeting of **POLAR CAPITAL GLOBAL FINANCIALS TRUST PLC** will be held at the offices of Polar Capital LLP, 16 Palace Street, London SW1E 5JD, at 4.30 p.m. on Tuesday, 7 April 2020 to consider and, if thought fit, to pass the following resolution:

### RESOLUTION – SPECIAL RESOLUTION

#### IT IS HEREBY RESOLVED THAT

- (a) conditional on the satisfaction of the Continuation Conditions, the Company be and is generally and unconditionally authorised, in accordance with section 701 of the Companies Act, to make market purchases (within the meaning of section 693(4) of the Companies Act) of Ordinary Shares pursuant to the Tender Offer, provided that:
  - (i) the maximum number of Ordinary Shares hereby authorised to be acquired shall be 202,775,000, or such number of Ordinary Shares in issue as at the Tender Offer Record Date (excluding for such purposes Ordinary Shares held in treasury);
  - (ii) the price which may be paid for an Ordinary Share shall be the Tender Price (which shall be both the maximum and the minimum price for the purposes of section 701 of the Companies Act); and
  - (iii) unless renewed, the authority hereby conferred shall expire on the first to occur of: (i) the completion of the Tender Offer; (ii) the termination of the Tender Offer; or (iii) the Tender Offer lapsing, in accordance with the terms and conditions set out in the Circular;
- (b) conditional on completion of the Tender Offer, the amendments to the Investment Policy be hereby approved; and
- (c) conditional on completion of the Tender Offer, the New Articles produced to the General Meeting and, for the purposes of identification, initialled by the Chairman, be adopted as the new articles of association of the Company with effect from completion of the Tender Offer, in substitution for and to the exclusion of, in their entirety, the Existing Articles.

Save where the context requires otherwise, capitalised terms used in this notice shall have the same meanings given to them in the Company's Circular dated 12 March 2020 ("**the Circular**") (of which this notice forms part).

By order of the Board

**T Lago, FCG**

For and on behalf of  
Polar Capital Secretarial Services Limited  
*Company Secretary*

*Registered Office:*

16 Palace Street  
London  
SW1E 5JD  
United Kingdom

Dated: 12 March 2020

## Notes to the GM Notice

1. The Resolution is proposed as a special resolution. For a special resolution to be passed, a majority of no less than seventy five per cent. of the votes cast by Shareholders being entitled to vote (by proxy or in person) must be in favour of the resolution.
2. The Company specifies that only those Shareholders entered on the register of members of the Company as at close of business on Friday, 3 April 2020 will be entitled to attend, speak or vote at the General Meeting in respect of the number of Shares registered in their name at that time and such Shareholders shall be entitled on a poll to one vote for each Share held. The register of members of the Company at that time is also used for the purposes of calculating how many votes a holder of each Share may cast. Changes to entries on the register after close of business on Friday, 3 April 2020 will be disregarded in determining the rights of any person to attend or vote at the General Meeting.
3. A Shareholder entitled to attend and vote at the General Meeting may appoint one or more proxies (who need not be a member of the Company) to exercise all or any of his or her rights to attend, speak and vote at the General Meeting. A Shareholder can appoint more than one proxy in relation to the General Meeting, provided that each proxy is appointed to exercise the rights attaching to different Shares held by such Shareholder. If two or more valid proxy forms are delivered or received in respect of the same Share for use at the same Meeting, the one which was last sent shall be treated as replacing and revoking the others in their entirety. If the Company is unable to determine the one which was last sent, the one which is last received shall be so treated. If the Company is unable to determine either which is the last sent or which is last received, none of them shall be treated as valid in respect of that Share. If a Shareholder wishes to terminate the authority of a person(s) to act as their proxy, they must notify Equiniti Limited in writing at the address provided below in note 6 no later than 48 hours before the General Meeting. Every Shareholder who is present in person at the General Meeting, and every person (not being himself or herself a member entitled to vote) who is present as proxy for a member entitled to vote, shall have one vote on a show of hands. On a poll, every Shareholder who is present in person or by proxy shall have one vote for every Share held by him or her.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her General Meeting. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to every other matter which is put before the General Meeting.
5. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Your proxy could be the Chairman, another Director or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the General Meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the General Meeting and voting in person. If you attend the General Meeting in person, your proxy appointment will automatically be terminated.
6. A form of proxy is enclosed which should be completed in accordance with the instructions. To be valid, the Form of Proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarised certified copy of such authority) must be deposited with the Company's Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA no later than 4.30 p.m. on Friday, 3 April 2020. Completion of the Form of Proxy will not preclude a member from attending and voting in person. A Shareholder may only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. In the case of a corporation, the Form of Proxy must be executed under its common seal or under the hand of any officer or attorney duly authorised. The return of the Form of Proxy duly completed will not preclude a member from attending and voting in person at the General Meeting.
7. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same Share.
8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
9. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual which can be viewed at [www.euroclear.co.uk](http://www.euroclear.co.uk). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID number RA19) by not later than 48 hours before the time appointed for the holding of the General Meeting (i.e. by 4.30 p.m. on 3 April 2020). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. As at 10 March 2020, the Company's issued ordinary Share capital consists of 202,775,000 Shares, of which no Shares are held in treasury. Each Share carries the right to one vote at the General Meeting of the Company and therefore the total voting rights in the Company are 202,775,000.
11. Any Shareholder, proxy or joint Shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
12. A copy of the notice of the General Meeting, including these explanatory notes, is available to download from the Company's website: <https://www.polarcapitalglobalfinancialstrust.com/>.

