

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under the Financial Services and Markets Act 2000 (“FSMA”).**

This document comprises a prospectus relating to The Bankers Investment Trust PLC (the “Company”) prepared in accordance with the Prospectus Rules made under section 84 of FSMA. This document has been approved by the Financial Conduct Authority (“FCA”) and has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules.

Applications will be made to the UK Listing Authority and the London Stock Exchange for all the New Ordinary Shares to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence on 26 April 2016.

The Company and each of the Directors, whose names appear on page 21 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**The whole text of this document should be read. The attention of HGT Shareholders is drawn in particular to the section of this document entitled “Risk Factors”.**

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# **The Bankers Investment Trust PLC**

*(Incorporated in England and Wales with company no. 00026351 and registered as an investment company under section 833 of the Companies Act 2006)*

## **Issue and Admission of New Ordinary Shares in connection with the recommended proposals for the reconstruction and winding up of Henderson Global Trust plc**

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J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove, is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the FCA in the UK and is acting exclusively for the Company and for no-one else in connection with the Issue and will not be responsible to anyone other than the Company for providing the protections afforded to customers of J.P. Morgan Cazenove or for affording advice in relation to the contents of this document or any matters referred to herein. J.P. Morgan Cazenove is not responsible for the contents of this document. This does not exclude or limit any responsibilities which J.P. Morgan Cazenove may have under FSMA or the regulatory regime established thereunder.

The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)). In addition, the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended (the “**US Investment Company Act**”), and the recipient of this document will not be entitled to the benefits of that Act. This document should not be distributed into the United States or to US Persons.

This document does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, New Ordinary Shares in any jurisdiction where such offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or J.P. Morgan Cazenove. The distribution of this document in jurisdictions other than the UK, including any of the Restricted Territories, may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

The attention of HGT Shareholders with registered addresses in Restricted Territories and other recipients of this document who are residents or citizens of any country outside the United Kingdom is drawn to the section entitled “Restricted HGT Shareholders” in Part 3 of this document.

Dated: 23 March 2016

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## SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A–E (A.1–E.7). This summary contains all the Elements required to be included in a summary for these types of securities and issuer. Some Elements are not required to be addressed which means there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted into the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

<b>Section A – Introduction and warnings</b>								
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>						
A.1	Warning	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.						
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this document for the subsequent resale or final placement of securities by financial intermediaries.						
<b>Section B – Issuer</b>								
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>						
B.1	Legal and commercial name	The Bankers Investment Trust PLC.						
B.2	Domicile and legal form	The Company was incorporated in England and Wales on 13 April 1888 with registered number 00026351 as a public company limited by shares under The Companies Acts 1862 to 1886. The principal legislation under which the Company operates is the Act.						
B.5	Group description	Not applicable. The Company is not part of a group.						
B.6	Major shareholders	<p>So far as is known to the Company by virtue of the notifications made to it pursuant to the Disclosure and Transparency Rules, as at the Latest Practicable Date, the following persons held directly or indirectly three per cent. or more of the Company’s voting rights:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: right;">Number of voting rights held</th> <th style="text-align: right;">Percentage of voting rights</th> </tr> </thead> <tbody> <tr> <td>Investec Wealth &amp; Investment Limited</td> <td style="text-align: right;">6,080,898</td> <td style="text-align: right;">5.32</td> </tr> </tbody> </table> <p>All Shareholders have the same voting rights in respect of the share capital of the Company.</p>	Name	Number of voting rights held	Percentage of voting rights	Investec Wealth & Investment Limited	6,080,898	5.32
Name	Number of voting rights held	Percentage of voting rights						
Investec Wealth & Investment Limited	6,080,898	5.32						

		As at the Latest Practicable Date, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.																
B.7	Historical key financial information	<p>The historical financial information set out below, which has been prepared in accordance IFRS, has been extracted without material adjustments from the audited report and accounts of the Company for the periods ended 31 October 2013, 31 October 2014 and 31 October 2015:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;">As at 31 October 2013</th> <th style="text-align: right;">As at 31 October 2014</th> <th style="text-align: right;">As at 31 October 2015</th> </tr> </thead> <tbody> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">653,561</td> <td style="text-align: right;">668,196</td> <td style="text-align: right;">712,633</td> </tr> <tr> <td>NAV per Ordinary Share (p)</td> <td style="text-align: right;">587.4</td> <td style="text-align: right;">596.0</td> <td style="text-align: right;">630.2</td> </tr> <tr> <td>Dividends per Ordinary Share (p)</td> <td style="text-align: right;">14.1</td> <td style="text-align: right;">14.8</td> <td style="text-align: right;">15.8</td> </tr> </tbody> </table> <p>Save for the increase in the Company's net assets from £653.6 million as at 31 October 2013 to £712.6 million as at 31 October 2015 and the increase in the Company's NAV per Ordinary Share from 587.4p as at 31 October 2013 to 630.2p as at 31 October 2015, there has been no significant change in the financial condition and operating results of the Company during the period covered by the historical financial information.</p> <p>Save for the decrease in the Company's net assets from £712.6 million as at 31 October 2015 to £705.8 million as at the Latest Practicable Date and the decrease in the Company's NAV per Ordinary Share from 630.2p as at 31 October 2015 to 617.4p as at the Latest Practicable Date, there has been no significant change in the financial condition and operating results of the Company subsequent to the period covered by the historical financial information.</p>		As at 31 October 2013	As at 31 October 2014	As at 31 October 2015	Net assets (£'000)	653,561	668,196	712,633	NAV per Ordinary Share (p)	587.4	596.0	630.2	Dividends per Ordinary Share (p)	14.1	14.8	15.8
	As at 31 October 2013	As at 31 October 2014	As at 31 October 2015															
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B.8	Key pro forma financial information	Not applicable. No pro forma financial information is included in this document.																
B.9.	Profit forecast	Not applicable. No profit forecast or estimate is made in this document.																
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audited financial statements of the Company do not contain any qualifications.																
B.11	Insufficiency of working capital	Not applicable. The Company is of the opinion that the working capital available to it is sufficient for its present requirements, namely for at least the next 12 months from the date of this document.																
B.34	Investment objective and policy	<p><b>Objective</b></p> <p>The Company's investment objectives are to achieve long term asset growth in excess of the FTSE All-Share Index and regular dividend growth in excess of the increase in the Retail Prices Index.</p> <p><b>Policy</b></p> <p>The Company's investment policy is to invest its assets in a portfolio primarily composed of international equities. The portfolio is broadly diversified by both geography and sector in order to reduce</p>																

		<p>investment risk. The Manager has the flexibility to invest in any geographic region and has no set limits on individual country or sector exposures although the Board regularly monitors the Company's investments and the Manager's investment activity. The Manager primarily employs a bottom-up, value-based investment process to identify suitable opportunities and pays particular regard to cash generation and dividends.</p> <p>While the Company mainly invests in international equities there is the flexibility to invest in debt securities, such as convertibles, corporate bonds or sovereign debt, if it is deemed that these will, at a particular time or for a particular period, enhance the performance of the Company in the pursuit of its objectives. The use of any derivative instruments, such as financial futures, options and currency hedges, will only be for the purposes of efficient portfolio management.</p> <p>The Company will not invest more than 15 per cent. of its investment portfolio in any single investment on acquisition nor will it invest more than 15 per cent. of its investment portfolio in any other UK listed investment trusts or investment companies.</p> <p>The Company will at times borrow money, both short and long term, in order to enhance performance. The drawdown of borrowings may be in currencies other than sterling provided that the borrowings do not exceed the assets in that particular currency. The gearing range is between 0 per cent. and 20 per cent. and gearing will not exceed 20 per cent. of Net Asset Value at the time of drawdown of the relevant borrowings.</p> <p>The Company achieves an appropriate spread of investment risk principally through a broadly diversified portfolio. Investment risk may be further reduced through the use of currency hedging, foreign borrowings and derivatives.</p>
B.35	Borrowing limits	<p>The Company will at times borrow money, both short and long term, in order to enhance performance. The drawdown of borrowings may be in currencies other than sterling provided that the borrowings do not exceed the assets in that particular currency. The gearing range is between 0 per cent. and 20 per cent. and gearing will not exceed 20 per cent. of Net Asset Value at the time of drawdown of the relevant borrowings.</p>
B.36	Regulatory status	<p>As an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, it is subject to the Listing Rules, Prospectus Rules and the Disclosure and Transparency Rules and the rules of the London Stock Exchange.</p>
B.37	Typical investor	<p>The Directors believe that the typical investors for whom an investment in the Company is intended are professionally-advised private investors and institutional investors seeking exposure to an internationally diversified portfolio of equities. The New Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors, provided that they are capable of evaluating the risks and merits of such an investment and have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before making an election under the HGT Scheme for New Ordinary Shares.</p>

B.38	Investment of 20 per cent. or more of gross assets in single underlying asset or investment company	Not applicable. Investments in any one company shall not, at the time of acquisition, exceed 15 per cent. of the value of the Company's investment portfolio.
B.39	Investment of 40 per cent. or more of gross assets in single underlying asset or investment company	Not applicable. Investments in any one company shall not, at the time of acquisition, exceed 15 per cent. of the value of the Company's investment portfolio.
B.40	Applicant's service providers	<p><b><i>AIFM</i></b></p> <p>The Company has appointed Henderson Investment Funds Limited (“<b>HIFL</b>”) to act as its investment manager and as its alternative investment fund manager for the purposes of the AIFM Directive. HIFL has delegated portfolio management to Henderson Global Investors Limited pursuant to the Sub-Investment Management Agreement.</p> <p>Under the terms of the Management Agreement, the AIFM is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable quarterly in advance of the first day of each calendar quarter and is at the rate of: (i) 0.45 per cent. per annum of the first £750 million of the average Net Asset Value; and (ii) 0.40 per cent. per annum of the average Net Asset Value in excess of £750 million, in each case calculated on the last day in October in each of the two years preceding the calendar year in respect of which the calculation is made.</p> <p><b><i>Manager</i></b></p> <p>The AIFM has delegated portfolio management to Henderson Global Investors Limited pursuant to the Sub-Investment Management Agreement. Henderson is a leading independent global asset management group with £92.0 billion of assets under management (as at 31 December 2015) and employs over 1,000 people worldwide. Henderson manages 14 investment trusts and investment companies.</p> <p><b><i>Administrator</i></b></p> <p>Pursuant to the Management Agreement, the AIFM has also been appointed to provide the day to day administration of the Company. In its capacity as administrator, it is responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting records, accounting and administrative services. The AIFM has contracted with BNP Paribas Securities Services to provide accounting and administration services.</p> <p><b><i>Corporate Secretary</i></b></p> <p>Henderson Secretarial Services Limited has been appointed to provide the general secretarial functions required by the Act.</p> <p><b><i>Sponsor</i></b></p> <p>J.P. Morgan Cazenove has agreed to act as sponsor to the Issue.</p> <p><b><i>Registrar</i></b></p> <p>Equiniti Limited has been appointed as registrar to the Company in the United Kingdom. The fees of the Registrar are to be agreed from time to time by the Company and the Registrar.</p>

		<p><b>New Zealand Registrar</b></p> <p>Computershare Investor Services Limited has been appointed as registrar to the Company in New Zealand. The fees of the Registrar are to be agreed from time to time by the Company and the New Zealand Registrar.</p> <p><b>Depositary</b></p> <p>BNP Paribas Securities Services, London Branch has been appointed as the Company's depositary for the purposes of the AIFM Directive. Under the terms of the Depositary Agreement, the Depositary is entitled to be paid fees of between 0.0075 per cent. and 0.0140 per cent. of the Company's gross assets per annum, subject to a minimum fee of £8,000 per annum. The Depositary is also entitled to receive custody fees in accordance with a specified schedule of charges.</p>																						
B.41	Regulatory status of investment manager and custodian	Each of the AIFM and the Manager is authorised and regulated by the FCA and, as such, is subject to its rules in the conduct of its investment business. In respect of its services as Depositary in the United Kingdom, the Depositary is authorised and regulated by the FCA and the PRA.																						
B.42	Calculation and publication of Net Asset Value	The Net Asset Value per Ordinary Share is calculated in Sterling on a daily basis. Such calculations are notified daily through a Regulatory Information Service and are available on the Company's website.																						
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.																						
B.44	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included in this document. Please see the historical key financial information at B.7.																						
B.45	Portfolio	<p>As at the Latest Practicable Date, the Company's portfolio comprised 191 listed equity investments, one fixed interest investment and one cash fund with an aggregate value of £748 million.</p> <p>There has been no material change in the Company's investments since the Latest Practicable Date and the date of this document.</p> <p>As at the Latest Practicable Date, the Company's top 10 investments, representing 13.6 per cent. of the value of the total portfolio were as follows:</p> <table border="1"> <thead> <tr> <th> Holding </th> <th> Percentage of portfolio </th> </tr> </thead> <tbody> <tr> <td>BP</td> <td>1.7</td> </tr> <tr> <td>British American Tobacco</td> <td>1.6</td> </tr> <tr> <td>Delphi Automotive</td> <td>1.4</td> </tr> <tr> <td>ITV</td> <td>1.3</td> </tr> <tr> <td>Apple</td> <td>1.3</td> </tr> <tr> <td>CVS Health</td> <td>1.3</td> </tr> <tr> <td>American Tower</td> <td>1.3</td> </tr> <tr> <td>Galliford Try</td> <td>1.3</td> </tr> <tr> <td>Roper Technologies</td> <td>1.2</td> </tr> <tr> <td>Royal Dutch Shell</td> <td>1.2</td> </tr> </tbody> </table>	Holding	Percentage of portfolio	BP	1.7	British American Tobacco	1.6	Delphi Automotive	1.4	ITV	1.3	Apple	1.3	CVS Health	1.3	American Tower	1.3	Galliford Try	1.3	Roper Technologies	1.2	Royal Dutch Shell	1.2
Holding	Percentage of portfolio																							
BP	1.7																							
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CVS Health	1.3																							
American Tower	1.3																							
Galliford Try	1.3																							
Roper Technologies	1.2																							
Royal Dutch Shell	1.2																							
B.46	Net Asset Value	As at the Latest Practicable Date, the Net Asset Value (cum income) per Ordinary Share (unaudited) was 617.4 pence.																						

<b>Section C – Securities</b>								
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>						
C.1	Type and class of securities	<p>Ordinary Shares with a nominal value of 25 pence each.</p> <p>The ISIN of the Ordinary Shares is GB0000767003. The SEDOL of the Ordinary Shares is 0076700.</p> <p>The ticker for the Ordinary Shares is BNKR.</p>						
C.2	Currency denomination of Ordinary Shares	Sterling.						
C.3	Details of share capital	<p>Set out below is the issued share capital of the Company as at the Latest Practicable Date:</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: right;">Nominal Value (£)</th> <th style="text-align: right;">Number</th> </tr> </thead> <tbody> <tr> <td>Ordinary Shares with a nominal value of £0.25 each</td> <td style="text-align: right;">28,632,959.75</td> <td style="text-align: right;">114,531,839<sup>(1)</sup></td> </tr> </tbody> </table> <p>(1) Includes 212,305 Ordinary Shares which are held in treasury.</p> <p>All of the existing issued Ordinary Shares are fully paid up.</p>		Nominal Value (£)	Number	Ordinary Shares with a nominal value of £0.25 each	28,632,959.75	114,531,839 <sup>(1)</sup>
	Nominal Value (£)	Number						
Ordinary Shares with a nominal value of £0.25 each	28,632,959.75	114,531,839 <sup>(1)</sup>						
C.4	Rights attaching to the Ordinary Shares	<p>The holders of the Ordinary Shares are entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares.</p> <p>The holders of Ordinary Shares shall be entitled to all of the Company's net assets on a winding-up.</p> <p>The Ordinary Shares carry the right to receive notice of, attend and vote at general meetings of the Company.</p> <p>The consent of the holders of Ordinary Shares will be required for the variation of any rights attached to the Ordinary Shares.</p>						
C.5	Restrictions on the free transferability of the Ordinary Shares	There are no restrictions on the free transferability of the Ordinary Shares.						
C.6	Admission	Applications will be made to the UK Listing Authority and to the London Stock Exchange for all of the New Ordinary Shares to be admitted to the premium segment of the Official List and to trading on the Main Market. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence on 26 April 2016.						
C.7.	Dividend policy	<p>The Company's investment objectives include achieving regular dividend growth in excess of the increase in the Retail Prices Index. Quarterly dividends have historically been paid on or around 28 February, 31 May, 31 August and 30 November in each year. The Company paid dividends totalling: (i) 14.13 pence per Ordinary Share for the year ended 31 October 2013 (amounting to £15.7 million); (ii) 14.80 pence per Ordinary Share for the year ended 31 October 2014 (amounting to £16.6 million); and (iii) 15.80 pence per Ordinary Share for the year ended 31 October 2015 (amounting to £17.8 million). For the year ended 31 October 2016, the Board is targeting dividend growth of at least 4.4 per cent.</p> <p>The Directors have considered the potential impact of the Issue on the payment of dividends to holders of Ordinary Shares and have taken steps, by declaring the first interim dividend for the year</p>						

		<p>ending 31 October 2016 payable on 31 May 2016, with a record date prior to the Effective Date, to ensure that this dividend is payable only to existing Shareholders and not to Shareholders who acquire New Ordinary Shares pursuant to the HGT Scheme.</p> <p>Investors should note that the targeted dividend growth is a target only and not a profit forecast and there can be no assurance that it will be met or that any growth in the dividend will be achieved.</p> <p>In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.</p>
<b>Section D – Risks</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
D.2.	Key information on the key risks that are specific to the Company or its industry	<p>The key risk factors relating to the Company and its industry which are known to the Directors are:</p> <ul style="list-style-type: none"> <li>• The Company has no employees and is reliant on the performance of third party service providers. Failure by any service provider to carry out its obligations to the Company could have a materially detrimental effect on the Company.</li> <li>• There can be no guarantee that the investment objectives of the Company will be achieved and that any dividends will be paid in respect of any financial year or period.</li> <li>• Investor returns are dependent on the performance of the portfolio which may be affected by general market conditions.</li> <li>• Changes in laws or regulations governing the Company's operations may adversely affect the Company's business, including through the increased expense that may be incurred in complying with such laws and regulations.</li> <li>• The departure of some or all of the Manager's investment professionals, in particular, Alex Crooke, could prevent the Company from achieving its investment objectives which may affect the returns to Shareholders.</li> <li>• The due diligence process that the Manager undertakes in connection with the Company's investments may not reveal all facts that may be relevant in connection with an investment. Any failure by the Manager to identify relevant facts through the due diligence process may lead to inappropriate investment decisions, which could have a material adverse effect on the Company's profitability, Net Asset Value and share price.</li> <li>• The Company may borrow money for investment purposes, which exposes the Company to risks associated with borrowings.</li> <li>• The Company may use derivative instruments which are subject to risks including credit risk and the risk of settlement default.</li> <li>• Almost two-thirds of the Company's assets are denominated in currencies other than Sterling. As a result, movements in exchange rates may affect the Sterling value of these assets favourably or unfavourably.</li> <li>• The Company may invest in fixed interest asset classes which are subject to risks including interest rate and credit risk, which may expose investors to a higher risk of loss.</li> </ul>

		<ul style="list-style-type: none"> <li>As a global portfolio, the Company's portfolio may include a small weighting to emerging markets which tend to be less stable than more established markets and can be affected by local political and economic conditions, reliability of trading systems, buying and selling practices and financial reporting standards.</li> <li>Any change in the Company's tax status or in taxation legislation or practice generally could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.</li> </ul>
D.3	Key information on the key risks that are specific to the Ordinary Shares	<p>The key risk factors relating to the Ordinary Shares which are known to the Directors are:</p> <ul style="list-style-type: none"> <li>The value of the Ordinary Shares and the income derived from those shares (if any) can fluctuate and may go down as well as up. Accordingly, investors may not be able to realise the amount originally invested.</li> <li>It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares. Shareholders may not be able to realise their investment at a time of their choosing or at all.</li> <li>On the Proposals becoming effective, each Shareholder's proportion of the total voting rights in the capital of the Company will be diluted.</li> </ul>
<b>Section E – Offer</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
E.1	Proceeds and expenses of the Issue	<p>The New Ordinary Shares are only being issued pursuant to the HGT Scheme.</p> <p>The number of New Ordinary Shares to be issued pursuant to the HGT Scheme will be calculated on the Ratio Date. The Company will announce, through a Regulatory Information Service, the number of New Ordinary Shares to be issued pursuant to the Issue as soon as practicable after the Ratio Date.</p> <p>The costs and expenses of the Proposals will be borne by the Company and are expected to be approximately £275,000, excluding VAT.</p> <p>The AIFM has agreed to pay the cost to the Company of the Proposals to the extent such costs would dilute the net asset value of the Company.</p>
E.2a	Reasons for the Issue, use of proceeds and estimated net amount of proceeds.	<p>The New Ordinary Shares are only being issued pursuant to the HGT Scheme.</p> <p>In consideration for the issue of New Ordinary Shares, the Company will acquire cash and other assets of HGT which the Company will use to acquire investments in accordance with the Company's investment policy.</p>
E.3	Terms and conditions of the Issue	<p>The Issue is conditional upon, <i>inter alia</i>: (i) the passing of the resolutions to approve the HGT Scheme at a class meeting of HGT Shareholders and at general meetings of HGT Shareholders and holders of HGT Preference Stock and the HGT Scheme becoming</p>

		unconditional; (ii) the passing of the Resolution at the General Meeting; (iii) the passing of the HINT Resolution; (iv) admission of the New Ordinary Shares to the Official List with a premium listing and to the Main Market; and (v) the directors of HGT resolving to proceed with the HGT Scheme.
E.4	Material interests	Not applicable. There are no interests that are material to the Issue and no conflicting interests.
E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell Ordinary Shares as part of the Issue.
E.6.	Dilution	On the Proposals becoming effective, each Shareholder's proportion of the total voting rights in the capital of the Company will be diluted. The number of New Ordinary Shares to be issued pursuant to the Issue will not be known until the Ratio Date.
E.7	Estimated expenses charged to the investor by the issuer	<p>The costs and expenses of the Proposals will be borne by the Company and are expected to be approximately £275,000 excluding VAT.</p> <p>The AIFM has agreed to pay the costs to the Company of the Proposals to the extent such costs would dilute the net asset value of the Company.</p>

## RISK FACTORS

Investment in the Company should not be regarded as short-term in nature and involves a high degree of risk. Accordingly, investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including, in particular, the risks described below.

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

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

The past performance of the Company and of investments which are referred to in this document are for information or illustrative purposes only and should not be interpreted as an indication, or as a guarantee, of future performance.

### 1. Risks relating to the Company and its investment strategy

#### *The Company may not meet its investment objectives*

The Company may not achieve its investment objectives. Meeting those objectives is a target but the existence of such objectives should not be considered as an assurance or guarantee that they can or will be met.

The Company's investment objectives include the aim of providing Shareholders with regular dividend growth in excess of the increase in the Retail Prices Index. There is no guarantee that any dividends will be paid in respect of any financial year or period. The ability to pay dividends is dependent on a number of factors including the level of dividends earned from the portfolio and the net revenue profits available for that purpose. Income returns from the portfolio will be dependent, among other things, upon the Company successfully pursuing its investment policy. The success of the Company will depend on the Manager's ability to identify, acquire and realise investments in accordance with the Company's investment policy. This, in turn, will depend on the ability of the Manager to apply its investment processes in a way which is capable of identifying suitable investments for the Company to invest in. There can be no assurance that the Manager will be able to do so or that the Company will be able to invest its assets on attractive terms or generate any investment returns for Shareholders or indeed avoid investment losses.

An investor may not get back the amount originally invested. The Company can offer no assurance that its investments will generate gains or income or that any gains or income that may be generated on particular investments will be sufficient to offset any losses that may be sustained.

#### *The effects of normal market fluctuations may impact the Company's business, operating results or financial condition*

These are factors which are outside the Company's control and which may affect the volatility of underlying asset values and the liquidity and the value of the Company's portfolio. Changes in economic conditions globally (for example, interest rates and rates of inflation, industry conditions, competition, political and diplomatic events and other factors) could substantially and adversely affect the Company's prospects.

#### *The Company has no employees and is reliant on the performance of third party service providers*

The Company has no employees and the Directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for its executive function. In particular, the AIFM, the Manager, the Depositary and the Registrar will be performing services which are integral to the operation of the Company. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company.

The past performance of other investments managed or advised by the Manager or the Manager's investment professionals cannot be relied upon as an indicator of the future performance of the Company.

***Investor returns will be dependent upon the performance of the portfolio and the Company may experience fluctuations in its operating results***

Investors contemplating an investment in the Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the performance of the portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the New Ordinary Shares.

The Company may experience fluctuations in its operating results due to a number of factors, including changes in the values of investments made by the Company, changes in the amount of distributions, dividends or interest paid by companies in the portfolio, changes in the Company's operating expenses, the degree to which the Company encounters competition and general economic and market conditions. Such variability may lead to volatility in the trading price of the Ordinary Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

***Changes in laws or regulations governing the Company's operations may adversely affect the Company's business***

The Company is subject to laws and regulations enacted by national and local governments. In particular, the Company is subject to and will be required to comply with certain regulatory requirements that are applicable to listed closed-ended investment companies. The Company must comply with the Listing Rules for premium listed equity securities and the Disclosure and Transparency Rules and so far as the Company is aware, as at the date of this document, the Company complies with the Listing Rules. Any failure in future to comply with any future changes to the Listing Rules may result in the Ordinary Shares being suspended from listing.

Any change in the law and regulation affecting the Company may have a material adverse effect on the ability of the Company to carry on its business and successfully pursue its investment policy and on the value of the Company and the Ordinary Shares. In such event, the investment returns of the Company may be materially adversely affected.

***Currency risk***

Almost two-thirds of the Company's assets are denominated in currencies other than Sterling. As a result, movements in exchange rates may affect the Sterling value of these assets favourably or unfavourably. There can be no assurances or guarantees that the Company will successfully hedge against such risks or that adequate hedging arrangements will be available on an economically viable basis. Hedging arrangements may result in additional costs being incurred or losses being greater than if hedging had not been used.

***The Company's investment strategy may involve the use of leverage, which exposes the Company to risks associated with borrowings***

The Company may use borrowings to seek to enhance investment returns. While the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's underlying assets is rising at a lower rate than the cost of borrowing or falling, further reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Ordinary Share.

Any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its Net Asset Value (which is likely to adversely affect the price of an Ordinary Share). Any reduction in the number of Ordinary Shares in issue (for example, as a result of buy backs) will, in the absence of a corresponding reduction in borrowings, result in an increase in the Company's level of gearing.

To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's gearing policy or borrowing limits, the Company may have to sell investments in order to reduce borrowings, which may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.

There is no guarantee that any borrowings of the Company will be refinanced on their maturity either on terms that are acceptable to the Company or at all.

As security for all sums which may become due by the Company in respect of its debenture stock, the Company has granted the Trustee a floating charge over the whole of the undertaking and all the property and assets, present and future of the Company. In the event that the Trustee was entitled to call on the security it would have, amongst its other remedies, the opportunity to sell assets of the Company to pay off amounts owing to it and this may adversely affect the Net Asset Value if such assets were sold at less than their net asset value.

#### ***Alternative Investment Fund Managers Directive***

Under the AIFM Directive, certain conditions must be met to permit the marketing of shares in AIFs to prospective and existing investors in the EEA, including that prescribed disclosures are made to such investors. Certain provisions of the AIFM Directive still require the establishment of guidelines. It is also possible that interpretation of the AIFM Directive may vary among the EEA member states. It is therefore difficult to predict the full impact of the AIFM Directive on the Company, the AIFM and the Depositary and the effect on the Company, the AIFM and the Depositary may vary over time. The AIFM Directive may result in requirements to make certain reports and disclosures to regulators of EEA member states and of members of the EEA in which Ordinary Shares are marketed. Such reports and disclosures may become publicly available.

The Company currently operates as an externally managed EEA domiciled AIF with an EEA AIFM for the purposes of the AIFM Directive. The AIFM is authorised to act as a full-scope AIFM under the AIFM Directive.

An AIFM may only market an AIF to EU investors if it is authorised by a relevant EU regulator or complies with national private placement regimes. Therefore, Ordinary Shares can only be marketed by the AIFM to professional investors (within the meaning assigned to this term under the AIFM Directive) in the UK in accordance with Article 31 of the AIFM Directive (as implemented by regulation 54 of the AIFM Regulation). The AIFM has filed with the FCA a notification pursuant to Article 31(2) of the AIFM Directive to market the Ordinary Shares to professional investors in the UK under the AIFM Directive.

Ordinary Shares can also be marketed by the AIFM to retail clients in the UK pursuant to regulation 54 of the AIFM Regulation. The AIFM has filed with the FCA a notification required under regulation 54 of the AIFM Regulation to market Ordinary Shares to retail clients in the UK. The AIFM has not taken any action to permit the marketing of the Ordinary Shares to professional and/or retail investors in any other EEA member state.

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

## **2. Risks relating to the AIFM and the Manager**

### ***The departure of some or all of the Manager's investment professionals could prevent the Company from achieving its investment objectives***

The Company depends on the diligence, skill, judgment and business contacts of the Manager's investment professionals, in particular, Alex Crooke, and the information and deal flow they generate during the normal course of their activities. The Company's future success depends on the continued service of these individuals, who are not obligated to remain employed with the Manager, and the Manager's ability to strategically recruit, retain and motivate new talented personnel. However, the Manager may not be successful in its efforts to recruit, retain and motivate suitable personnel as the market for qualified investment professionals is extremely competitive.

### ***There can be no assurance that the Directors will be able to find a replacement if the AIFM resigns and terminates the appointment of the Manager***

Under the terms of the Management Agreement, the AIFM may resign by giving the Company written notice. The AIFM is also entitled to terminate the appointment of the Manager at any time, pursuant to the Sub-Investment Management Agreement. The Directors would, in these circumstances, have to find a replacement alternative investment fund manager and manager for the Company and there can be no assurance that such a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company. In this event, the Directors would have to formulate and put forward to

Shareholders proposals for the future of the Company, which may include its merger with another investment company, reconstruction or winding-up.

***The Manager may allocate some of its resources to activities in which the Company is not engaged, which could have a negative impact on the Company's ability to achieve its investment objectives***

The Manager is not required to commit all of its resources to Company affairs. Insofar as the Manager devotes resources to its responsibilities for other business interests, its ability to devote resources and attention to the Company's affairs will be limited. This could adversely affect the Company's ability to achieve its investment objectives, which could have a material adverse effect on the Company's profitability, Net Asset Value and share price.

***The Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the activities of the Company and may be subject to conflicts of interest in respect of its activities on behalf of the Company***

The Manager and its affiliates are involved in other financial, investment or professional activities which may on occasion give rise to conflicts of interest with the Company. In particular, the Manager manages funds other than the Company and may provide investment management, investment advisory or other services in relation to these funds or future funds which may have similar investment policies to that of the Company.

The Manager and its affiliates may carry on investment activities for their own accounts and for other accounts in which the Company has no interest. The Manager and its affiliates also provide management services to other clients, including other collective investment vehicles. The Manager and its affiliates may give advice and recommend securities to other managed accounts or investment funds which may differ from advice given to, or investments recommended or bought for, the Company, even though their investment policies may be the same or similar.

### **3. Risks relating to the Company's portfolio**

***Reliance on the Manager's due diligence processes***

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

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

***Derivative instruments***

The Company may make use of derivative instruments, such as options, financial futures and contracts for difference, for the purposes of efficient portfolio management and hedging as well as income enhancing strategies and for the management of risk within limits set by the Directors. The use of derivatives gives rise to a number of specific potential risks. Derivative instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract or the underlying securities may result in a profit or loss which is high in proportion to the amount of funds actually placed as initial margin and may result in further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses.

Furthermore, the use of derivative instruments involves certain special risks for a company, including:

- (i) dependence on movements in the price of underlying securities and movements in interest rates;
- (ii) when used for hedging purposes, an imperfect correlation between the returns on the derivative instruments used for hedging and the returns on the investments or market sectors being hedged; and
- (iii) credit exposure to the counterparty with whom it trades.

Counterparty risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation

and minimum capital requirements applicable to intermediaries. Transactions entered directly between counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

#### ***Benchmarks***

The Company measures the performance of its portfolio against various indices including the FTSE All-Share Index, the FTSE All-World Developed Europe (ex UK) Index, the FTSE World North America Index, the FTSE World Japan Index, the FTSE All-World Asia Pacific (ex Japan) Index, the China CSI 300 Index and the FTSE All-World Emerging (ex-Asia) Index. As the Company's portfolio reflects the Manager's convictions, the Manager does not seek to replicate these indices in constructing the Company's portfolio. The portfolio may, therefore, diverge substantially from the constituents of these indices.

#### ***Emerging markets***

As a global portfolio, the Company's portfolio may include a small weighting to emerging markets which tend to be less stable than more established markets and can be affected by local political and economic conditions, reliability of trading systems, buying and selling practices and financial reporting standards.

### **4. Risks relating to taxation**

#### ***Investment trust status***

The Directors seek to conduct the affairs of the Company so as to satisfy the conditions of approval as an investment trust. Any change in the Company's tax status or in taxation legislation generally could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, lead the Company to lose its exemption from tax on chargeable gains or alter the post-tax returns to Shareholders. It is not possible to guarantee that the Company will remain non-close, which is a requirement in order to maintain status as an investment trust, as the Ordinary Shares are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for approval as an investment trust, will, as soon as reasonably practicable, notify Shareholders of this fact.

#### ***Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company.***

Investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company. Representations in this document concerning the taxation of investors or prospective investors in Ordinary Shares are based upon current tax law and practice, each of which is in principle subject to change. The value of particular tax reliefs and allowances, if available, will depend on each individual Shareholder's circumstances. This document is not a substitute for independent tax advice.

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

#### ***General risks affecting the Ordinary Shares***

The value of an investment in the Company, and the income derived from it, if any, may go down as well as up and an investor may not get back the amount invested.

The market price of the Ordinary Shares, like shares in all investment companies, may fluctuate independently of their underlying net asset value and may trade at a discount or premium at different times, depending on factors such as supply and demand for the Ordinary Shares, market conditions and general investor sentiment. There can be no guarantee that any discount control policy will be successful or capable of being implemented. The market value of an Ordinary Share may vary considerably from its NAV.

#### ***It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares***

The price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Company and its investments and some which may affect companies generally. Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. The market price of the Ordinary Shares may not reflect their underlying Net Asset Value.

While the Directors retain the right to effect repurchases of Ordinary Shares in the manner described in this document, they are under no obligation to use such powers or to do so at any time and Shareholders should not place any reliance on the willingness of the Directors to so act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Ordinary Shares on the market. There can be no guarantee that a liquid market in the Ordinary Shares will develop or that the Ordinary Shares will trade at prices close to their underlying Net Asset Value. Accordingly, Shareholders may be unable to realise their investment at such Net Asset Value or at all.

#### **6. Risks relating to the Proposals**

Implementation of the Proposals is subject to a number of conditions, details of which are set out in Part 3 of this document, and there is no certainty that the Proposals will become effective.

New Ordinary Shares will be issued to HGT Shareholders who elect to receive such shares on the basis of the respective net asset values of each company (plus, in the case of the Company, a premium of one (1) per cent.), further details of which are set out in the section entitled “New Ordinary Shares to be issued” in Part 3 of this document. The BNKR FAV per Share and the Residual Net Asset Value per HGT Share may be lower or higher than the illustrative figures used in this document.

On the Proposals becoming effective, each Shareholder’ proportion of the total voting rights in the capital of the Company will be diluted.

## IMPORTANT NOTICES

### General

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.

This document does not constitute, and may not be used for the purposes of, an offer or an invitation to subscribe for any New Ordinary Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; or (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

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

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

### Notice to prospective investors in the European Economic Area

In relation to Relevant Member States other than the UK, an offer to the public of the Ordinary Shares may only be made once a prospectus has been passported in accordance with the Prospectus Directive as implemented by the Relevant Member State. This document has not been passported into any Relevant Member State; therefore, an offer of the Ordinary Shares to the public in a Relevant Member State other than the UK may only be made pursuant to the following exemption under the Prospectus Directive, if it has been implemented in that Relevant Member State:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) and subject to obtaining the prior consent of J.P. Morgan Cazenove for any such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Ordinary Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Ordinary Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for Ordinary Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and the amendments thereto, including Directive 2010/73/EU) (the “**2010 PD Amending Directive**”) to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

During the period up to but excluding the date on which the Prospectus Directive is implemented in Member States, this document may not be used for, or in connection with, and does not constitute, any offer of Ordinary Shares or an invitation to purchase or subscribe for any Ordinary Shares in any Member State in which such offer or invitation would be unlawful.

Further, the AIFM in its capacity as the Company's alternative investment fund manager, has only made applications and received approval for the marketing of the Ordinary Shares to "professional investors" (as defined in the AIFM Directive) in the United Kingdom and not in any other Relevant Member State. Notwithstanding any other statement in this document, this document should not be made available to any investor domiciled in any EEA State other than the UK. HGT Shareholders domiciled in the EEA that have received this document in any EEA State other than the United Kingdom should not make an election for the New Ordinary Shares pursuant to the HGT Scheme. The New Ordinary Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to the New Ordinary Shares may be distributed or made available to retail investors in any EEA State other than the United Kingdom.

#### **Notice to prospective investors in Jersey**

The New Ordinary Shares are not being offered to the public in Jersey and are only being offered in Jersey to persons who are HGT Shareholders (but not Restricted HGT Shareholders) as at the date of this document. Promotion is not being made in any other way. This document has not been filed with, or approved by, the Jersey Financial Services Commission and no consents pursuant to the Control of Borrowing (Jersey) Order 1958, as amended have been issued by the Jersey Financial Services Commission in respect of it.

#### **Notice to prospective investors in Guernsey**

The New Ordinary Shares are not being offered to the public in the Bailiwick of Guernsey. To the extent to which any promotion of the New Ordinary Shares is deemed to take place in the Bailiwick of Guernsey, the New Ordinary Shares are only being promoted in or from within the Bailiwick of Guernsey either: (i) by persons licensed to do so under the Protection of the Investors (Bailiwick of Guernsey) Law, 1987 (as amended) (the "POI Law"); or (ii) to persons licensed under the POI Law, the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended) or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000. Promotion is not being made in any other way. This document has not been filed with, or approved by, the Guernsey Financial Services Commission and no authorisations in respect of the POI Law have been issued by the Guernsey Financial Services Commission in respect of it.

#### **Forward-looking statements**

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

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

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 6 of Part 5 of this document.

## EXPECTED TIMETABLE

	<b>2016</b>
Record date for the HGT Scheme	5.00 p.m. on 14 April
HGT Shareholders' class meeting	2.00 p.m. on 15 April
First general meeting of HGT	2.15 p.m. on 15 April
General Meeting of the Company	3.00 p.m. on 15 April
Calculation Date	Close of business on 20 April
Second general meeting of HGT	2.30 p.m. on 22 April
Ratio Date	Close of business on 22 April
Effective Date for the HGT Scheme	25 April
Publication of BNKR FAV per Share and Residual Net Asset Value per HGT Share	7.00 a.m. on 25 April
Admission and dealings in New Ordinary Shares commence	8.00 a.m. on 26 April
CREST accounts credited to HGT Shareholders in respect of New Ordinary Shares in uncertificated form	26 April
Certificates despatched by post in respect of New Ordinary Shares issued in certificated form in the week commencing	2 May

**Notes:**

- (i) The above times and/or dates may be subject to change and, in the event of such change, the revised times and/or dates will be notified to Shareholders by an announcement through a Regulatory Information Service.
- (ii) All references to times in this document are to London time.

## DEALING CODES

ISIN – Ordinary Shares	GB0000767003
SEDOL – Ordinary Shares	0076700
Ticker – Ordinary Shares	BNKR

## DIRECTORS, MANAGER AND ADVISERS

<b>Directors</b>	Richard Killingbeck ( <i>Non-Executive Chairman</i> ) Susan Inglis ( <i>Senior Independent Non-Executive Director</i> ) Julian Chillingworth ( <i>Non-Executive Director</i> ) Matthew Thorne ( <i>Non-Executive Director</i> ) David Wild ( <i>Non-Executive Director</i> )  <i>All of the registered office below and all of whom are independent.</i>
<b>Registered Office</b>	201 Bishopsgate London EC2M 3AE Telephone: +44 (0) 20 7818 1818
<b>Corporate Secretary</b>	Henderson Secretarial Services Limited 201 Bishopsgate London EC2M 3AE
<b>AIFM</b>	Henderson Investment Funds Limited 201 Bishopsgate London EC2M 3AE
<b>Manager</b>	Henderson Global Investors Limited 201 Bishopsgate London EC2M 3AE
<b>Sponsor</b>	J.P. Morgan Securities plc 25 Bank Street London E14 5JP
<b>Legal Adviser to the Company</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
<b>Legal Adviser to the Sponsor</b>	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ
<b>Depository</b>	BNP Paribas Securities Services 55 Moorgate London EC2R 6PA
<b>Auditor</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
<b>Registrar – United Kingdom</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

## PART 1

### INFORMATION ON THE COMPANY

#### 1. The HGT Scheme

On 1 February 2016, the Company announced that it had agreed heads of terms with Henderson Global Trust plc (“HGT”) in respect of a merger of the assets of the Company with certain assets of HGT to be effected by way of a scheme of reconstruction and winding-up of HGT.

HGT is a UK domiciled investment trust with a net asset value as at the Latest Practicable Date of approximately £152 million and a market capitalisation as at that date of approximately £139 million. As at the Latest Practicable Date, HINT had a net asset value of approximately £100 million and a market capitalisation of approximately £94 million and the Company had a Net Asset Value of approximately £706 million and a market capitalisation of approximately £654 million. HGT, HINT and the Company are all managed by Henderson Global Investors Limited.

The Proposals involve the acquisition by the Company of certain assets in accordance with its investment policy (including cash and near-cash assets) from HGT in consideration for the issue to certain HGT Shareholders of new fully paid Ordinary Shares in the capital of the Company. Further details of the Proposals are set out in Part 3 of this document.

The Company is publishing this document in connection with the issue of the New Ordinary Shares pursuant to the Proposals and their Admission.

#### 2. Investment objectives

The Company’s investment objectives are to achieve long term asset growth in excess of the FTSE All-Share Index and regular dividend growth in excess of the increase in the Retail Prices Index.

#### 3. Investment policy

The Company’s investment policy is to invest its assets in a portfolio primarily composed of international equities. The portfolio is broadly diversified by both geography and sector in order to reduce investment risk. The Manager has the flexibility to invest in any geographic region and has no set limits on individual country or sector exposures although the Board regularly monitors the Company’s investments and the Manager’s investment activity. The Manager primarily employs a bottom-up, value-based investment process to identify suitable opportunities and pays particular regard to cash generation and dividends.

While the Company mainly invests in international equities there is the flexibility to invest in debt securities, such as convertibles, corporate bonds or sovereign debt, if it is deemed that these will, at a particular time or for a particular period, enhance the performance of the Company in the pursuit of its objectives. The use of any derivative instruments, such as financial futures, options and currency hedges, will only be for the purposes of efficient portfolio management.

The Company will not invest more than 15 per cent. of its investment portfolio in any single investment on acquisition nor will it invest more than 15 per cent. of its investment portfolio in any other UK listed investment trusts or investment companies.

The Company will at times borrow money, both short and long term, in order to enhance performance. The drawdown of borrowings may be in currencies other than sterling provided that the borrowings do not exceed the assets in that particular currency. The gearing range is between 0 per cent. and 20 per cent. and gearing will not exceed 20 per cent. of Net Asset Value at the time of drawdown of the relevant borrowings.

The Company achieves an appropriate spread of investment risk principally through a broadly diversified portfolio. Investment risk may be further reduced through the use of currency hedging, foreign borrowings and derivatives.

No material change will be made to the investment policy without the prior approval of the FCA and the approval of Shareholders by ordinary resolution.

#### 4. Market outlook

Equity markets have started the year with higher levels of volatility and the fall in share prices witnessed last year has continued. There may be many reasons behind the ongoing selling pressure such as low economic growth, disinflationary trends and falling commodity prices; however, the Manager believes that

declining corporate earnings have been a significant factor. Market levels at the end of 2015 were pricing in profit growth that did not materialise and, with expectations now rebased to lower levels, it may be that equity prices can find some support. The markets for many commodity products remain in oversupply and therefore the Manager expects pricing will remain weak without fundamental reforms. Lower prices should ultimately mean developed economies that consume raw materials will benefit from a corresponding uplift in consumption.

In the Manager's view, equity prices are now reflecting a more cautious outlook of low levels of economic activity and that careful selection of companies will be critical. The Company's portfolio remains focused on developed markets such as the UK, Europe, Japan and the US because the Manager sees better earnings growth in these regions. There has been a deliberate shift in allocation away from the UK in the past year and it is expected that the allocation will settle at approximately 30 per cent. during the forthcoming year. The uncertainty around the UK's forthcoming vote to leave the European Union is expected to create volatility in Sterling and may ultimately affect share prices; a reduced level of exposure to UK domestically exposed companies is prudent.

Dividend growth remains robust outside of the commodity sectors with a number of special dividends already being declared. Valuations are returning to more reasonable levels after the fall in share prices during the start of the year and, with gearing at a low level, the Company is well positioned to take advantage of investing the proceeds of last year's loan note issue by purchasing attractively priced investments.

## 5. Performance

As at the Latest Practicable Date, the Company had unaudited net assets of £706 million (617.4 pence per Ordinary Share) and a market capitalisation was £654 million.

The following table sets out the Company's Ordinary Share price total return and NAV total return performance against the FTSE All-Share Index for the period of 1, 3 and 5 years to the Latest Practicable Date on an annualised basis:

	1 year (%)	3 years (%)	5 years (%)
Ordinary Share price total return	-6.25	5.74	10.43
NAV total return	-4.45	6.52	8.88
FTSE All-Share Index	-4.41	3.37	6.50

Source: Morning Star, DataStream.

The Ordinary Shares traded at an average discount to the prevailing cum income Net Asset Value of -1.77 per cent. over the 12 months to the Latest Practicable Date, compared to an average discount for the AIC Global sector of -5.84 per cent.

## 6. Investment portfolio

As at the Latest Practicable Date, the Company's portfolio comprised 191 listed equity investments, one fixed interest investment and one cash fund with an aggregate value of £748 million.

There has been no material change in the Company's investments since the Latest Practicable Date and the date of this document.

As at the Latest Practicable Date, the Company's top 10 investments, representing 13.6 per cent. of the value of the total portfolio were as follows:

Holding	Percentage of portfolio
BP	1.7
British American Tobacco	1.6
Delphi Automotive	1.4
ITV	1.3
Apple	1.3
CVS Health	1.3
American Tower	1.3
Galliford Try	1.3
Roper Technologies	1.2
Royal Dutch Shell	1.2

Source: Unaudited management and accounting records.

As at the Latest Practicable Date, the Company's portfolio by sector was as follows:

Sector	Percentage of portfolio
Financials	23.4
Industrials	17.9
Consumer goods	16.6
Consumer services	15.4
Technology	7.8
Healthcare	6.5
Telecommunications	4.4
Oil and gas	4.2
Basic materials	2.2
Utilities	1.6
Total	100.0

Source: Unaudited management and accounting records.

As at the Latest Practicable Date, the Company's portfolio by geographical location was as follows:

Country	Percentage of portfolio
United Kingdom	35.8
North America	26.2
Europe (ex UK)	13.3
Japan	12.3
Other Pacific	10.4
Other	2.0
Total	100.0

Source: Unaudited management and accounting records.

## 7. Dividend policy

The Company's investment objectives include achieving regular dividend growth in excess of the increase in the Retail Prices Index. Quarterly dividends have historically been paid on or around 28 February, 31 May, 31 August and 30 November in each year. The Company paid dividends totalling: (i) 14.13 pence per Ordinary Share for the year ended 31 October 2013 (amounting to £15.7 million); (ii) 14.80 pence per Ordinary Share for the year ended 31 October 2014 (amounting to £16.6 million); and (iii) 15.80 pence per Ordinary Share for the year ended 31 October 2015 (amounting to £17.8 million). For the year ended 31 October 2016, the Board is targeting dividend growth of at least 4.4 per cent.

The Directors have considered the potential impact of the Issue on the payment of dividends to holders of Ordinary Shares and have taken steps, by declaring the first interim dividend for the year ending 31 October 2016 payable on 31 May 2016, with a record date prior to the Effective Date, to ensure that this dividend is payable only to existing Shareholders and not to Shareholders who acquire New Ordinary Shares pursuant to the HGT Scheme.

Investors should note that the targeted dividend growth is a target only and not a profit forecast and there can be no assurance that it will be met or that any growth in the dividend will be achieved.

In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.

## 8. Discount management

The Company publishes a NAV per share figure on a daily basis through the official newswire of the London Stock Exchange. This figure is calculated in accordance with the Association of Investment Companies ("AIC") formula. At each Board meeting, the Board monitors the level of the Company's discount/premium to NAV and reviews the average discount/premium for the Company's relevant AIC sector.

The Board considers the use of share buy-backs and share issues to enhance Shareholder value. During the financial year ended 31 October 2015, the Company purchased 25,000 Ordinary Shares for cancellation at

a discount to NAV (2014: nil) and issued 1,000,000 Ordinary Shares at a premium to NAV (2014: 850,000). During the period beginning on 1 November 2015 and ending on the Latest Practicable Date, the Company has issued 1,450,000 Ordinary Shares and purchased 212,305 Ordinary Shares to be held in treasury.

The Directors believe that, from time to time and subject to market conditions, it will continue to be in Shareholders' interests to buy back the Company's Ordinary Shares when they are trading at a discount to the underlying Net Asset Value per Share. At the 2016 AGM, Shareholders gave the Board authority to buy back up to 17,168,322 Ordinary Shares. This authority will expire at the earlier of the date falling 15 months after the passing of the resolution and the conclusion of the 2017 AGM and it is the present intention of the Directors to seek a similar authority annually.

The Company may utilise the authority to purchase Ordinary Shares by either a single purchase or a series of purchases when market conditions allow, with the aim of maximising the benefit to Shareholders.

All share repurchases will be conducted in accordance with the Act, the Listing Rules and the Disclosure and Transparency Rules applicable from time to time and will be announced to the market through a Regulatory Information Service on the same or the following day.

The exercise by the Directors of the Company's powers to repurchase Ordinary Shares and the timing and structure of any such purchases is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion.

#### **9. Further issues of shares**

Shareholder resolutions were passed at the 2016 AGM granting the Directors authority to allot equity securities in the Company up to an aggregate nominal amount of £2,863,295 on a non-pre-emptive basis, such authority to lapse at the AGM to be held in 2017.

While the Directors intend to allot New Ordinary Shares under the Proposals, the existing authority to allot Ordinary Shares referred to above does not take into account the allotment of the New Ordinary Shares pursuant to the HGT Scheme. Shareholders are therefore being asked to authorise the Directors to allot the maximum number of Shares which may be issued in connection with the HGT Scheme, being up to 30 million New Ordinary Shares, having an aggregate nominal value of £7,500,000, which represents 26.24 per cent. of the Company's issued ordinary share capital (excluding treasury shares) as at the Latest Practicable Date (the "**Resolution**").

#### **10. Profile of typical investor**

The Directors believe that the typical investors for whom an investment in the Company is intended are professionally-advised private and institutional investors seeking exposure to an internationally diversified portfolio of equities. The New Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors, provided that they are capable of evaluating the risks and merits of such an investment and have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before making an election under the HGT Scheme for New Ordinary Shares.

#### **11. Net Asset Value publication**

The unaudited Net Asset Value per Ordinary Share is calculated in Sterling by BNP Paribas Securities Services on a daily basis, as described below. Such calculations are notified daily, on a cum income and ex-income basis, through a Regulatory Information Service and are available through the Company's website.

The Net Asset Value will be the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with the Association of Investment Companies' valuation guidelines and in accordance with applicable accounting standards. Publicly traded securities are valued by reference to their bid prices on the relevant exchange and derivatives are measured at fair values based on market prices or at valuations based on market prices on a daily basis. The Company's debentures are fair valued daily, based on their market value, while loan notes and short term borrowings are valued at par.

If the Directors consider that any of the above bases of valuation are inappropriate in any particular case, or generally, they may adopt such other valuation procedures as they consider reasonable in the circumstances.

The Directors may temporarily suspend the calculation of Net Asset Value during a period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, disposal or valuation of investments of the Company or other transactions in the ordinary course of the Company's business is not reasonably practicable without this being materially detrimental to the interests of Shareholders or if, in the opinion of the Board: the Net Asset Value cannot be fairly calculated; or there is a breakdown of the means of communication normally employed in determining the calculation of Net Asset Value; or it is not reasonably practicable to determine the Net Asset Value on an accurate and timely basis. Any suspension in the calculation of the Net Asset Value will be notified through a Regulatory Information Service as soon as practicable after any such suspension occurs.

## **12. Reports to Shareholders**

The annual report and financial statements of the Company are made up to 31 October in each year. The Company also publishes unaudited half-yearly results covering the six months to the end of April in each year.

## **13. Electronic communications**

The Company has the right to offer Shareholders the opportunity to have documents and information made available to them through the Company's website and in electronic form.

## **14. Taxation**

HGT Shareholders are referred to Part 6 of this document for details of the taxation of the Company and of Shareholders in the UK. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own professional advisers.

## **15. Non-mainstream pooled investment status**

As the Company is an investment trust, the Ordinary Shares are "excluded securities" under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the Ordinary Shares is not subject to the FCA's restriction on the promotion of non-mainstream pooled investments.

## **16. Risk factors**

The Company's business is dependent on many factors and potential investors should read the whole of this document and in particular the section entitled "Risk Factors" on pages 12 to 17.

## PART 2

### INVESTMENT PHILOSOPHY AND PROCESS

#### 1. Fund managers

The following employees of the Manager are responsible for managing the Company's portfolio:

- Alex Crooke – lead fund manager of The Bankers Investment Trust PLC and fund manager of the United Kingdom portfolio;
- Charlie Awdry – fund manager of the China portfolio;
- Will Garnett – fund manager of the Japan portfolio;
- Michael Kerley – fund manager of the Pacific (ex-Japan) portfolio;
- Tim Stevenson – fund manager of the Europe portfolio; and
- Ronan Kelleher – fund manager of the North America portfolio whilst Ian Warmerdam is on sabbatical.

Further details of these individuals are set out in Part 4 of this document.

#### 2. Investment philosophy

The Company's portfolio is broadly diversified across both geographies and sectors, with no specific limits on individual country and sector exposures, allowing the Company to be "overweight" or "underweight" in countries and sectors based on management conviction. The Company applies a bottom-up process of stock selection, with a particular focus on quality (for example free cash flow generation and a strong balance sheet). To meet the Company's income targets, the fund managers select stocks with the potential to grow dividends over time. The Company has the flexibility to invest in debt securities (although these typically remain a small portion of the portfolio).

Although one of the Company's objectives is to outperform the FTSE All Share Index over time, this simply reflects the Board's desire to produce a portfolio that can generate higher returns than the domestic equity market of the majority of the UK-based Shareholders. As the Company is taking on currency, political and market risks by investing internationally, the objective remains to deliver a higher return than the UK equity market. The Board regularly reviews the performance of the Company's portfolio against a number of recognised global indices and comparable global trusts, in addition to reviewing performance of the geographic sub-portfolios.

#### 3. Investment process

Alex Crooke, lead fund manager of the Company, is a pragmatic, valuation driven investor who emphasises a team approach utilising the resources of the Manager and within its global equity income team. As the lead fund manager, he is responsible for asset allocation, but the Board's views are a major component in the decision making process.

The Company seeks to achieve its investment objectives by investing in a diversified global portfolio of equities. The investment team's focus is on a valuation driven investment style, seeking undervalued investments with the potential for appreciation of both capital and income. Progressive dividend growth is sought from the majority of holdings.

The investment process has three stages:

(i) ***Asset allocation***

Asset allocation is determined by factors such as the income yields of different markets and asset classes, macro-economic analysis and relative valuations of different equity markets. The lead fund manager is responsible for the final geographic asset and gearing decisions within the parameters set out in the investment policy and by the Board.

(ii) ***Stock selection***

Coverage of securities is shared across the investment team based on geography, by fund managers who manage regional equity sub-portfolios. These fund managers have many years of experience in their respective areas and each invests their asset allocation into approximately 20-30 stocks that

they believe meet the desired criteria of growth, yield, dividend growth and potential for capital appreciation.

Stock ideas are generated from stock screens, industry research and company visits. These ideas are filtered by a rigorous analysis of factors such as forecast free cash flow yields, earnings sustainability, dividend quality, strength of management and business model. Stocks are monitored to enforce a strict buy and sell discipline. In selecting investments, the fund managers will primarily seek to identify companies with apparent attractive long-term business prospects which are, in the opinion of the fund managers, undervalued or inexpensive relative to other similar investments.

(iii) ***Portfolio composition***

The lead fund manager will manage the Company's overall portfolio composition. In determining portfolio composition, a number of factors will be considered including:

- sector concentration to avoid unintended portfolio bias within sub-portfolios and across the Company's whole portfolio;
- managing and monitoring income generation and dividend levels to seek to ensure that the target yield is achieved;
- the limits set out in the investment policy in respect of asset allocation and risk diversification are adhered to.

Within the Company's portfolio, the aim is to outperform through bottom-up stock selection by focusing on companies with strong free cash flow, particularly those that meet the "Triple U's" criteria of being Under-owned, Under-followed and Under-valued. The core belief is that if companies can generate increasing levels of free cash flow, then they have control of their destiny and exhibit the ability to both grow their businesses and fund future dividend growth. The discipline of paying dividends also places an obligation on management of the businesses, such that they tightly manage the capital employed and the returns the capital generates. In the Manager's experience, this makes the investments less volatile over time and delivers higher capital returns and dividend growth.

#### **4. Portfolio construction**

Portfolio construction is a continual process, monitored through team meetings with the separate fund managers and the lead fund manager, combined with reviews by the Manager's investment risk team.

Risk management is embedded throughout the investment process with the team using principally quantitative methods to understand intended stock specific risk and avoid unintended risk. The team focuses on understanding and monitoring stock specific investment risk on a bottom-up basis, as well as being aware of the portfolio position relative to the country, sector and stock level. They also consider position size, market capitalisation breakdown, and theme weightings to effectively manage risk.

Each sub-portfolio is designed to have tracking errors in excess of 3 per cent. relative to their local indices (although this is a target only and cannot be guaranteed). Income generation is fundamental to the entire portfolio, although some sub-portfolios such as the UK portfolio and the Pacific (ex Japan) portfolio produce more dividend returns than others. All sub-portfolios are expected to produce an increasing stream of income over time. Fund managers consider position size, the market capitalisation breakdown, and sector and theme weightings to produce consistent capital returns while also effectively managing risk.

Each sub-portfolio ideally comprises approximately 20-30 stocks: initial position sizes for a holding depend on the fund manager's conviction for the positions. The UK portfolio comprises a larger number of positions but this will be managed to a lower level over time. The overall bias towards value investing across the portfolio favours a greater number of stock holdings as the time frame for price realisation can be unpredictable. The higher running yield and emphasis on growing free cash flow does, in the Manager's experience, reduce the risk of positions becoming value traps and perpetually undervalued.

The allocation between different regions is managed by the lead fund manager, in conjunction with the Board. If larger allocations are made, then these will be executed by programme trades; however, most moves are gradual over time. Factors such as relative market valuations, currency, political risk and relative economic growth are considered when making allocations across regions. Due consideration is also applied to regional stock selections, as many companies are listed in markets such as Switzerland or London but conduct all their business in other parts of the world. This particularly applies to the London Stock

Exchange and is a primary reason behind the higher UK weighting, which reflects investment in global companies rather than the UK domestic market. The lead fund manager also considers the weighting of sector allocations across the sub-portfolios to make sure that investment themes are consistently applied.

## PART 3

### THE ISSUE

#### 1. The HGT Scheme

Pursuant to the terms of the HGT Scheme, HGT will be wound up by means of a voluntary winding-up and HGT Shareholders may elect to have their investment in HGT rolled over into either Henderson International Income Trust plc (“**HINT**”) or the Company. HGT Shareholders who do not make an election under the HGT Scheme will be deemed to have elected to roll their investment into HINT.

If the Proposals are implemented, the Company will acquire cash and other assets of HGT (other than those appropriated to the Liquidation Fund and the HINT Rollover Fund) which the Company will use to acquire investments in accordance with the Company’s investment policy. The consideration for such acquisition will be satisfied by the issue of New Ordinary Shares to HGT Shareholders who elect to receive such shares.

The HGT Scheme is subject to, amongst other things, the approval of HGT Shareholders separately as a class and together with the holders of HGT Preference Stock and the approval of the Resolution by Shareholders at the General Meeting.

The assets of HGT to be acquired by the Company pursuant to the Proposals will include securities, cash and near cash assets. As at the Latest Practicable Date, HGT had unaudited net assets of approximately £152 million.

As a result of the HGT Scheme, the Company’s market capitalisation should increase, which may improve liquidity in the Ordinary Shares. In addition, the fixed costs of the Company will be spread over a larger pool of assets, resulting in a lower total ongoing charge.

The Issue has not been underwritten. The AIFM has, however, agreed to pay the costs to the Company of the Proposals to the extent such costs would dilute the net asset value of the Company.

#### 2. New Ordinary Shares to be issued

The number of New Ordinary Shares to be issued to the Liquidators pursuant to the HGT Scheme (as nominees for HGT Shareholders who elect to receive such shares) will be calculated by reference to the Residual Net Asset Value per HGT Share and the BNKR NAV per Share plus a premium of one (1) per cent. (the “**BNKR FAV per Share**”). The Residual Net Asset Value per HGT Share and the BNKR FAV per Share will be calculated on the Calculation Date and the Ratio Date respectively.

The Residual Net Asset Value per HGT Share will be the HGT NAV at the Calculation Date minus the Retention amount after providing for the liabilities to be discharged out of the Liquidation Fund, divided by the number of HGT Shares in issue as at the Calculation Date.

The BNKR NAV per Share will be calculated at the Ratio Date as the net asset value of an Ordinary Share, being the value of the Company’s assets less any liabilities it has, calculated in accordance with the Company’s normal accounting policies, on a cum-income, debt at par basis, post the costs of the Proposals to the Company (but not stamp duty or dealings costs) and adjusted to take into account any dividends declared but not paid prior to the Effective Date by the Company to its Shareholders, divided by the number of Ordinary Shares in issue as at the Ratio Date.

The New Ordinary Shares to be issued to HGT Shareholders pursuant to the Proposals will rank *pari passu* with the existing Ordinary Shares already in issue except that HGT Shareholders are not entitled to any dividend in respect of the Ordinary Shares declared by the Company prior to the Effective Date (even if such dividend is to be paid on a date that is after the Effective Date, when HGT Shareholders will have received New Ordinary Shares pursuant to the HGT Scheme).

Each HGT Shareholder who elects to receive New Ordinary Shares will be issued such number of New Ordinary Shares as have (at the BNKR FAV per Share) an aggregate value equal to the Residual Net Asset Value of such HGT Shareholder’s holding of HGT Shares as at the Calculation Date (subject to rounding down in respect of fractional entitlements).

The number of New Ordinary Shares to be issued pursuant to the HGT Scheme and the BNKR FAV per Share will be announced through a Regulatory Information Service as soon as practicable following the Ratio Date.

**For illustrative purposes only**, had the Ratio Date and the Calculation Date been 17 March 2016 (being the Latest Practicable Date), the BNKR FAV per Share and the Residual Net Asset Value per HGT Share would have been 619.6 pence and 402.3 pence, respectively and the Proposals would have resulted in the issue of 0.649 New Ordinary Shares for each HGT Share in respect of which an election is made to roll over into the New Ordinary Shares under the HGT Scheme.

**The above figures are for illustrative purposes only and do not represent forecasts. The BNKR FAV per Share and the Residual Net Asset Value per Share and HGT Shareholders' entitlements under the Proposals may change materially up to the Transfer Date as a result of, *inter alia*, changes in the values of the Company's and HGT's investments.**

### **3. Conditions of the Issue**

The Issue is conditional upon:

- the passing of the resolutions to approve the HGT Scheme at a class meeting of HGT Shareholders and at general meetings of HGT Shareholders and holders of HGT Preference Stock and the HGT Scheme becoming unconditional;
- the passing of the Resolution at the General Meeting which has been convened for 15 April 2016;
- the passing of the HINT Resolution;
- Admission of the New Ordinary Shares to the Official List with a premium listing and to the Main Market; and
- the directors of HGT resolving to proceed with the HGT Scheme.

### **4. Costs and expenses of the Proposals**

The costs and expenses of the Proposals incurred by the Company, save for the costs of posting this document to HGT Shareholders which will be borne by HGT, will be borne by the Company and are expected to be approximately £275,000, excluding VAT.

The AIFM has agreed to pay the costs to the Company of the Proposals to the extent such costs would dilute the net asset value of the Company.

### **5. Admission and dealings**

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium segment of the Official List. Application will also be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the Main Market. If the Proposals become effective, it is expected that the New Ordinary Shares will be admitted to the Official List on, and the first day of dealings in such shares on the Main Market will be, 26 April 2016.

The New Ordinary Shares will be in registered form. Temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB0000767003. HGT Shareholders who hold their HGT Shares in uncertificated form and who elect to receive Ordinary Shares will receive New Ordinary Shares in uncertificated form on 26 April 2016. Certificates in respect of New Ordinary Shares to be issued to HGT Shareholders who hold their HGT Shares in certificated form and who elect to receive New Ordinary Shares will be despatched in the week commencing 2 May 2016.

### **6. Restricted HGT Shareholders**

The terms of the Proposals, as they relate to Restricted HGT Shareholders, may be affected by the laws of the relevant jurisdiction. Restricted HGT Shareholders should inform themselves about, and observe, any applicable legal requirements.

It is the responsibility of Restricted HGT Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Proposals, including the obtaining of any governmental or other consents which may be required, compliance with necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

Any New Ordinary Shares allotted to the Liquidators and which would otherwise be issued to a Restricted HGT Shareholder pursuant to the HGT Scheme will instead be issued to the Liquidators as nominees on behalf of such Restricted Shareholder who will arrange for such shares to be sold promptly by a market maker at the best price obtainable, in circumstances in which the Liquidators and/or the Board, acting reasonably, consider that any such issue of New Ordinary Shares to those HGT Shareholders would or

may involve a breach of the securities laws or regulations of any jurisdiction, or if the Liquidators and/or the Board reasonably believe that the same may violate any applicable legal or regulatory requirements or may require the Company to become subject to additional regulatory requirements (to which it would not be subject but for such issue) and the Liquidators and/or the Board, as the case may be, have not been provided with evidence reasonably satisfactory to them that the relevant Restricted HGT Shareholders are permitted to hold New Ordinary Shares under any relevant securities laws or regulations of such overseas jurisdictions (or that the Company would not be subject to any additional regulatory requirements to which it would not be subject but for such issue). The proceeds of such sales will be paid to the relevant Restricted HGT Shareholders entitled to them within 10 Business Days of the date of sale, save that entitlements of less than £5.00 per Restricted HGT Shareholder will be retained by the Company for its own account.

Restricted HGT Shareholders who are subject to taxation outside of the United Kingdom should consult their tax adviser as to the tax effect of the Proposals on them.

## **7. General Meeting**

The Proposals are conditional on, amongst other things, the approval by Shareholders of the Resolution to be proposed at the General Meeting of the Company that has been convened for 15 April 2016.

Full details of the Resolution being proposed are set out in the Circular, a copy of which is available for inspection as stated in paragraph 11 of Part 7 of this document.

## PART 4

### DIRECTORS AND MANAGEMENT

#### 1. Directors

The Directors are responsible for the determination of the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the AIFM. All of the Directors are non-executive and are independent of the AIFM and the Manager.

Biographies of the Directors are as follows:

***Richard Killingbeck*** (*Chairman*)

Richard is currently Chief Executive Officer of W.H. Ireland Group plc. He was previously a Managing Director of Credit Suisse (UK) Private Bank. He has been involved in the financial services industry for 27 years, initially as a fund manager and latterly in a number of senior management roles, at Singer & Friedlander Investment Management and Close Brothers. During his career he has been based primarily in London, but has also spent part of this time in New York.

***Susan Inglis*** (*Senior Independent Director*)

Susan is currently Managing Director – Corporate Finance at Cantor Fitzgerald Europe, having held the same position at Canaccord Genuity until 2012. Ms Inglis is a qualified lawyer, and was a partner, and head of the funds and financial services group, at Shepherd & Wedderburn, a leading Scottish law firm. In 1999 she was a founding partner of Intelli Corporate Finance, an advisory boutique firm focusing on the asset management and investment company sectors which was acquired by Canaccord Genuity in 2009.

***Julian Chillingworth***

Julian is currently Chief Investment Officer for Rathbone Brothers plc. He was formerly Head of Gross Funds which incorporated Pension Funds and Charities at Investec and was Head of Equities at Hambros.

***Matthew Thorne*** (*Chairman of the Audit Committee*)

Matthew is a non-executive Director of Custodian Reit Plc and is an adviser to the Consensus Business Group. He was Group Finance Director of McCarthy & Stone plc and also Investment Director of Beazer plc. A Chartered Accountant, he has significant experience as a Finance Director, predominantly in the property sector.

***David Wild***

David is currently Chief Executive Officer of Domino's Pizza plc. He was formerly Chief Executive at Halfords plc and President of the German division of Wal-Mart Stores Inc, and also the Senior Independent Director for Premier Foods plc.

#### 2. AIFM

The Company has appointed Henderson Investment Funds Limited as the AIFM and investment manager of the Company, pursuant to the Management Agreement (further details of which are set out in paragraph 6.2 of Part 7 of this document). Pursuant to the Sub Investment Management Agreement, the AIFM has delegated portfolio management to the Manager.

The AIFM is registered as a limited liability company in England and Wales (registered number 02678531) and is authorised and regulated by the FCA (registration number 121859). The principal place of business of the AIFM is 201 Bishopsgate, London EC2M 3AE, United Kingdom. The AIFM's telephone number is +44 (0) 20 7818 1818.

#### 3. Manager

The AIFM has delegated portfolio management in respect of the Company's assets to Henderson Global Investors Limited.

Established in 1934, Henderson is a leading independent global asset management firm. Henderson provides its institutional, retail and high net worth clients with access to skilled investment professionals representing a broad range of asset classes, including equities, fixed income, property and private capital.

With the principal place of business being London, Henderson is one of Europe's largest investment management groups, with £92.0 billion assets under management (as at 31 December 2015), and employs over 1,000 people worldwide. Henderson manages 14 investment trusts and investment companies and in aggregate has approximately £5.6 billion of investment trust and investment company assets under management (as at 31 December 2015). Further information about Henderson Managed Investment Trusts can be found on the Manager's website [www.hendersoninvestmenttrusts.com](http://www.hendersoninvestmenttrusts.com).

The Manager is registered as a limited liability company in England and Wales (registered number 00906355) and is authorised and regulated by the FCA (registration number 121857). The principal place of business of the Manager is 201 Bishopsgate, London EC2M 3AE, United Kingdom. The Manager's telephone number is +44 (0) 20 7818 1818.

The management team responsible for the Company's portfolio is:

***Alex Crooke – Lead fund manager and United Kingdom fund manager***

Alex Crooke was appointed Head of Global Equity Income in 2013, bringing together all the equity focussed income teams within Henderson. Alex joined Henderson in 1994 as an Associate Director of Investment Trusts after starting his investment career as a US investment analyst with Equitable Life Assurance Society in 1990. He was recruited by Henderson to co-manage the UK assets of an investment trust. His role broadened out within Henderson to become fund manager for a number of income based funds. Alex has been managing investment trusts at Henderson for 18 years and is co-manager and lead manager on a number of funds. Alex graduated from Manchester University with a BSc (Hons) Physics with Astrophysics and is an Associate Member of the Society of Investment Professionals.

***Charlie Awdry – China fund manager***

Charlie Awdry has more than a decade of experience investing in China equities. He joined Henderson in 2011 as part of the Gartmore acquisition where he had been a key member of the emerging markets team since 2001. Charlie assumed the role of investment manager and began managing Chinese equities in 2003. As a sector specialist he conducted research into the industrials and materials sectors for Global Emerging Markets products. After a period of working in Hong Kong in 2005 and 2006 Charlie returned to London and became the China fund manager at Gartmore in 2006. Charlie is a CFA charterholder and holds a first class BSc (Hons) degree in Geography from the University of Bristol.

***Will Garnett – Japan fund manager***

William Garnett is director of pan-Asian equities at Henderson. William joined Henderson as a trainee fund manager in 1986 and has worked as a Fund Manager in Tokyo for three years. He became Director of Pan-Asian Equities in 2004. William has a BA (Hons) in Political Science from Exeter University.

From February 2016, William Garnett has taken over the management of the Japanese portfolio from Michael Wood-Martin.

***Michael Kerley – Pacific (ex Japan) fund manager***

Mike Kerley joined Henderson in 2004 as a fund manager for Pacific equities. He has been managing investment trusts at Henderson since 2007 and is co-manager of the Henderson Asian Dividend Income strategy. Previously, Mike worked at INVESCO Asset Management in their operations department. He later took up the positions of trainee fund manager for Asian equities, fund manager for global equities and fund manager for emerging market equities. Following this he moved to ISIS Asset Management as director of Pacific Basin equities.

***Tim Stevenson – Europe fund manager***

Tim Stevenson is Director of European Equities at Henderson and has over 30 years' investment experience. Tim's career in the investment industry began in 1983, as a European Analyst at Savory Milln. In 1984 he joined Aetna Montagu Asset Management Limited, where he was responsible for European investments for pension fund clients. He joined Henderson in 1986 as a fund manager for Europe, with responsibility for overseas clients. Tim graduated from Sussex University with a BA (Hons) in Economics and European Studies.

***Ronan Kelleher – North America fund manager whilst Ian Warmerdam is on sabbatical***

Ronan Kelleher is a fund manager focused on the global growth strategy at Henderson. In January 2016, Ronan was appointed co-manager of an onshore global growth equities fund, having been co-manager of the offshore version since January 2015. He joined Henderson in January 2011, initially working as a fund manager assistant before becoming an investment analyst in 2012 and an associate fund manager in 2015. Ronan is a generalist equities analyst for the global growth strategy, having previously covered IT hardware stocks and initial public offerings for the Technology team. Prior to working at Henderson, he worked at SIG in Dublin, Ireland as an operations associate.

Ronan holds an MSc in Finance and Investment from the University of Edinburgh and a BSc (Hons) in Finance from University College Cork in Ireland. Ronan is a CFA charterholder and holds the Investment Management Certificate.

***Ian Warmerdam – North America fund manager\****

Ian Warmerdam is director of Henderson Global Growth Equities. He and his team manage global growth funds and growth sleeves of larger global equity portfolios. He has been a director at Henderson since 2007. Ian joined Henderson in 2001 and has 18 years' industry experience. Prior to joining Henderson he worked at both Scottish Widows and Scottish Life where his career began as a US equities investment analyst. Ian has an MSc in investment analysis from the University of Stirling. He is an Associate Member of the Society of Investment Professionals and also has a BSc in Technology and Business Studies from the University of Strathclyde.

\*Effective from 1 February 2016, Ian Warmerdam is on sabbatical until 31 December 2016.

**4. Administration of the Company**

The AIFM has also been appointed to provide the day to day administration of the Company. In its capacity as administrator, it is responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting records, accounting and administrative services. The AIFM has contracted with BNP Paribas Securities Services to provide accounting and administration services.

**5. Fees and expenses**

Ongoing annual expenses include the following:

(i) ***AIFM***

The AIFM is entitled to a management fee, payable quarterly in advance of the first day of each calendar quarter and is at the rate of: (i) 0.45 per cent. per annum of the first £750 million of the average Net Asset Value; and (ii) 0.40 per cent. per annum of the average Net Asset Value in excess of £750 million, in each case calculated on the last day in October in each of the two years preceding the calendar year in respect of which the calculation is made.

(ii) ***Registrar***

Equiniti Limited has been appointed as registrar to the Company in the United Kingdom. The fees of the Registrar are to be agreed from time to time by the Company and the Registrar.

(iii) ***New Zealand Registrar***

Computershare Investor Services Limited has been appointed as registrar to the Company in New Zealand. The fees of the Registrar are to be agreed from time to time by the Company and the New Zealand Registrar.

(iv) ***Depositary***

BNP Paribas Securities Services, London Branch has been appointed as the Company's depositary for the purposes of the AIFM Directive. Under the terms of the Depositary Agreement, the Depositary is entitled to be paid fees of between 0.0075 per cent. and 0.0140 per cent. of the Company's gross assets per annum, subject to a minimum fee of £8,000 per annum. The Depositary is also entitled to receive custody fees in accordance with a specified schedule of charges.

(v) **Directors**

The annual fees payable to the Directors are £38,000 for the Chairman, £26,500 for the Audit Committee Chairman and Senior Independent Director and £24,500 for other Directors. The total salary and fees receivable by the Directors and paid by the Company to the Directors in respect of the Company's accounting period ended 31 October 2015 was £135,006.

The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

(vi) **Other operational expenses**

Other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company borne by the Company include travel, accommodation, printing, audit, finance costs, due diligence and legal fees. All reasonable out of pocket expenses of the AIFM, the Manager, the Registrar, the New Zealand Registrar, the Depositary and the Directors relating to the Company are borne by the Company.

## 6. Conflicts of interest

The AIFM, the Manager and their officers and employees may from time to time act for other clients or manage other funds, which may have similar investment objectives and policies to that of the Company. Circumstances may arise where investment opportunities will be available to the Company which are also suitable for one or more such clients of the AIFM and the Manager or such other funds. The Directors have satisfied themselves that the AIFM and the Manager have procedures in place to address potential conflicts of interest and that, where a conflict arises, the AIFM and the Manager will allocate the opportunity on a fair basis.

## 7. Corporate governance

The Board is accountable to Shareholders for the governance of the Company's affairs. As an investment trust, the Company's day-to-day responsibilities are delegated to third parties; the Company has no employees and the Directors are all non-executive. Therefore not all the provisions of the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council ("FRC") in September 2014 are directly applicable to the Company.

The Board of the Company has therefore considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to Shareholders. As at the date of this document, the Company complies with the recommendations of the AIC Code and the relevant provisions of the UK Code.

The UK Code includes provisions relating to:

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

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company, and the Company does not therefore report further in respect of these provisions.

It should be noted that the UK Code and the AIC Code may differ materially from the New Zealand Stock Exchange's corporate governance rules and principles of the Corporate Best Practice Code.

### **Audit Committee**

The Company's Audit Committee is chaired by Matthew Thorne, consists of all the Directors (other than the Chairman) and meets at least three times a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee examines the reports on the effectiveness of the control systems of the AIFM in so far

as they relate to the Company. It reviews the half-yearly and annual reports and also receives information from the AIFM. It also reviews the scope, results, cost effectiveness, independence and objectivity of the external auditor.

#### ***Management Engagement Committee***

In accordance with the AIC Code the Company has established a Management Engagement Committee which is chaired by Richard Killingbeck and consists of all the Directors. The Management Engagement Committee meets at least annually. Its principal duties are to consider the terms of appointment of the AIFM and it annually reviews that appointment and the terms of the Management Agreement.

#### ***Nominations Committee***

Richard Killingbeck, Susan Inglis and Matthew Thorne are the members of the Nominations Committee. The Chairman of the Board acts as Chairman of the Committee but would not chair the Committee when the Chairman's successor was being considered. The Nominations Committee is responsible for reviewing Board succession planning, the composition and performance of the Board as a whole and the Board Committees, and the appointment of new Directors.

When considering succession planning, the Committee bears in mind the balance of skills, knowledge, experience, gender and diversity existing on the Board and will recommend when the recruitment of additional non-executive Directors is required. Given the size of the Board it is not considered appropriate to have set targets in relation to gender diversity. Once a decision is made to recruit additional Directors to the Board, a formal job description is drawn up and each Director is invited to submit nominations and these are considered in accordance with the Board's agreed procedures. The Committee also uses external agencies as and when the requirement to recruit an additional Board member becomes necessary.

## PART 5

### FINANCIAL INFORMATION

The statutory financial statements for the Company for the financial period ended 31 October 2013 (the “**2013 Annual Report and Accounts**”) were audited by PricewaterhouseCoopers LLP, whose report was unqualified and did not contain any statements under sub-sections 498(2) and 498(3) of the Act.

The statutory financial statements for the Company for the financial periods ended 31 October 2014 (the “**2014 Annual Report and Accounts**”) and 31 October 2015 (the “**2015 Annual Report and Accounts**”) were audited by Grant Thornton UK LLP, whose reports were unqualified and did not contain any statements under sub-sections 498(2) and 498(3) of the Act.

#### 1. Statutory accounts for the financial periods ended 31 October 2013, 31 October 2014 and 31 October 2015

The Company’s 2013 Annual Report and Accounts, 2014 Annual Report and Accounts and 2015 Annual Report and Accounts which have been incorporated in this document by reference and which are available for inspection at the address referred to in paragraph 11 of Part 7 of this document, included on the pages specified in the table below, the following information:

	2013 Annual Report and Accounts (Page numbers)	2014 Annual Report and Accounts (Page numbers)	2015 Annual Report and Accounts (Page numbers)
Chairman’s Statement	3-4	5-6	5-6
Fund Manager’s Review	5	7	7
Portfolio Structure	17	21	22
Independent Auditor’s Report	59-61	38-39	40-42
Statement of Comprehensive Income	34	40	43
Statement of Changes in Equity	35	41	44
Statement of Financial Position	36	42	45
Cash Flow Statement	37	43	46
Notes to the Financial Statements	38-58	44-61	47-64

The 2013 Annual Report and Accounts, 2014 Annual Report and Accounts and 2015 Annual Report and Accounts have been prepared in accordance with IFRS as adopted by the European Union.

#### 2. Selected financial information

The key audited figures that summarise the Company’s financial condition in respect of the financial years ended 31 October 2013, 31 October 2014 and 31 October 2015 which have been extracted without material adjustment from the historical financial information referred to above in this Part 5, are set out in the following table.

	2013 Annual Report and Accounts (Audited)	2014 Annual Report and Accounts (Audited)	2015 Annual Report and Accounts (Audited)
Net assets (£’000)	653,561	668,196	712,633
NAV per Ordinary Share (p)	587.4	596.0	630.2
Dividends per Ordinary Share (p)	14.1	14.8	15.8

#### 3. Operating and financial review

The Company’s 2013 Annual Report and Accounts, 2014 Annual Report and Accounts and 2015 Annual Report and Accounts (which have been incorporated in this document by reference) included, on the pages specified in the table below, descriptions of the Company’s financial condition (in both capital and revenue terms); details of the Company’s investment activity and portfolio exposure; and changes in its financial condition for that period.

Nature of information	2013 Annual Report and Accounts (Page numbers)	2014 Annual Report and Accounts (Page numbers)	2015 Annual Report and Accounts (Page numbers)
Chairman's Statement	3-4	5-6	5-6
Fund Manager's Review	5	7	7
Portfolio Structure	17	21	22

#### 4. Significant change

Save for the decrease in the Company's net assets from £712.6 million as at 31 October 2015 to £705.8 million as at the Latest Practicable Date and the decrease in the Company's NAV per Ordinary Share from 630.2p as at 31 October 2015 to 617.4p as at the Latest Practicable Date, there has been no significant change in the financial position or trading position of the Company subsequent to the period covered by the historical financial information.

#### 5. Capitalisation and indebtedness

The following table, sourced from the Company's internal accounting records, shows the Company's unaudited indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as at 29 February 2016 and the Company's audited capitalisation as at 31 October 2015 (being the latest date in respect of which the Company has published financial information):

	29 February 2016 (unaudited) £000
<b>Total Current Debt</b>	
Guaranteed	—
Secured	10,750
Unguaranteed/Unsecured	478
<b>Total Non-Current Debt</b> (excluding current portion of long-term debt)	
Guaranteed	—
Secured	15,000
Unguaranteed/Unsecured	49,798
	<b>31 October 2015 (audited) £000</b>
<b>Shareholders' Equity<sup>(1)</sup></b>	
Called up share capital	28,271
Share premium	12,722
Capital redemption reserve	12,489

(1) In accordance with the ESMA update of the CESR recommendations, retained earnings (comprising retained revenue reserves and other capital reserves) have been excluded from Shareholders' equity.

As at the Latest Practicable Date, there had been no material change in the capitalisation of the Company since 31 October 2015 save for the impact of the issue of 1,450,000 Ordinary Shares which raised gross proceeds of £9,104,500 and the purchase of 212,305 Ordinary Shares for £1,197,000 which are held in treasury.

The following table shows the Company's unaudited net indebtedness as at 29 February 2016:

	<b>29 February 2016</b> <b>(unaudited)</b> <b>£000</b>
(A) Cash	29,672
(B) Cash equivalent	28,725
(C) Trading securities	–
(D) Liquidity (A+B+C)	58,397
(E) Current financial receivables	1,512 <sup>(1)</sup>
(F) Current bank debt	–
(G) Current portion of non-current debt	–
(H) Other current financial debt	11,228
(I) Current financial debt (F+G+H)	11,228
(J) Net current financial indebtedness (I-E-D)	(48,681)
(K) Non-current bank loans	–
(L) Bonds issued	64,798
(M) Other non-current loans	–
(N) Non-current financial indebtedness (K+L+M)	64,798
(O) Net financial indebtedness (J+N)	16,117

(1) Includes dividends receivable and taxation recoverable.

## **6. Working capital**

In the opinion of the Company, the working capital available to it is sufficient for its present requirements, namely for at least the next 12 months from the date of this document.

## PART 6

# UK TAXATION

### Introduction

The following comments do not constitute tax advice and are intended only as a general guide to current UK law and HMRC's published practice as at the date of this document (both of which are subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK tax treatment of Shareholders and (except insofar as express reference is made to the treatment of non-UK residents) are intended to apply only to Shareholders who for UK tax purposes are resident in and, in the case of individuals, domiciled in the UK and to whom "split year" treatment does not apply. The comments apply only to Shareholders who are the absolute beneficial owners of their Ordinary Shares and the dividends payable on them and who hold their Ordinary Shares as investments (and not as securities to be realised in the course of a trade).

The comments below may not apply to certain categories of Shareholder such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation (or who hold their Ordinary Shares through an ISA) and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of any office or employment. Such persons may be subject to special rules.

**Prospective investors who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK are strongly advised to consult their own professional advisers.**

### The Company

It is the intention of the Directors to conduct the affairs of the Company so that it continues to satisfy the conditions for approval as an investment trust. However, none of the AIFM, the Manager nor the Directors can guarantee that this approval will be maintained. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK corporation tax on its chargeable gains. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

Approved investment trusts are able to elect to take advantage of modified UK tax treatment in respect of their "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under such treatment, the Company may (assuming it is approved as an investment trust) designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, it would be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period.

In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which would be expected to be applicable in respect of most dividends it receives.

### Shareholders

#### *Taxation of dividends – individuals*

##### (A) *Dividends which are not designated as "interest distributions"*

The following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends in respect of their Ordinary Shares which are not subject to the streaming regime.

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

The UK Government has announced that, with effect from 6 April 2016, the taxation of dividend income for individuals is changing. Assuming that the relevant provisions of the Finance Bill 2016 (published in December 2015) are enacted in their current form, the existing 10 per cent. dividend tax credit will be abolished and replaced with a new dividend allowance in the form of a zero per cent. tax rate on the first £5,000 of dividend income per year. In outline, UK residents would pay tax on any dividends received over the £5,000 allowance at the following rates:

- 7.5 per cent. on dividend income within the basic rate band;
- 32.5 per cent. on dividend income within the higher rate band;
- 38.1 per cent. on dividend income within the additional rate band.

(B) *“Interest distributions”*

Should the Directors elect to apply the streaming regime to any dividends paid by the Company, a UK resident individual Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the rates of 20 per cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder’s income and the availability of any exemption, allowance or relief. Such distributions would generally be paid to the individual Shareholder after the deduction of 20 per cent. income tax.

An individual Shareholder who is not UK tax resident should generally be entitled to receive dividends designated as interest distributions without deduction of UK tax, provided the Company has received the necessary declarations of non-residence.

***Taxation of dividends – companies***

(A) *Dividends which are not designated as “interest distributions”*

The following statements in this section (A) summarise the expected UK tax treatment for Shareholders within the charge to UK corporation tax who receive dividends in respect of their Ordinary Shares which are not subject to the streaming regime.

The Company is not required to withhold UK tax when paying a dividend on the Ordinary Shares.

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally be subject to UK corporation tax on dividends paid by the Company on the Ordinary Shares.

Other Shareholders within the charge to UK corporation tax will not be subject to corporation tax on dividends paid by the Company on the Ordinary Shares so long as the dividends fall within an exempt class and certain conditions are met. Although it is likely that dividends paid by the Company on the Ordinary Shares would qualify for exemption from corporation tax, it should be noted that the exemption is not comprehensive and is subject to anti-avoidance rules. Shareholders should therefore consult their own professional advisers where necessary.

Subject to the discussion of “interest distributions” below, Shareholders within the charge to UK corporation tax should generally be exempt from corporation tax on dividends paid by the Company in respect of their Ordinary Shares provided the dividends fall within an exempt class under the distribution exemption regime and certain conditions are met.

(B) *“Interest distributions”*

The following statements in this section (B) summarise the expected UK tax treatment for Shareholders within the charge to UK corporation tax who receive dividends in respect of their Ordinary Shares which are designated as interest distributions and thus subject to the streaming regime.

The Company will not generally be required to withhold UK tax when paying a dividend on the Ordinary Shares where the recipient of the dividend is a company (whether UK resident or not).

If the Directors were to elect for the streaming regime to apply, a Shareholder within the charge to UK corporation tax receiving a dividend designated by the Company as an interest distribution would be treated for tax purposes as receiving interest under a creditor loan relationship. Accordingly, such a Shareholder would be subject to corporation tax in respect of the distribution.

**It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.**

**Taxation of chargeable gains**

If a Shareholder sells or otherwise disposes or is deemed to dispose of his Ordinary Shares he may, depending on his circumstances and subject to any available exemption or relief, incur a liability to UK capital gains tax (for individual shareholders) or corporation tax on chargeable gains (for corporate shareholders). For Shareholders within the charge to corporation tax, indexation allowance may be available to reduce any such gain (but not to create or increase an allowable loss). No indexation allowance will be available to individual Shareholders. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of the exempt amount.

Shareholders who are individuals and who are temporarily non-resident in the UK may also, in certain circumstances, be liable to UK tax on capital gains realised (subject to any available exemption or relief).

### **ISAs and SIPPs**

The Ordinary Shares should qualify as investments which are eligible for inclusion in an ISA. Where New Ordinary Shares are acquired in connection with the HGT Scheme and the HGT Shares originally owned were held in an ISA, the inclusion of the New Ordinary Shares in the ISA by the ISA manager should not affect the individual's annual investment limit.

**Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility.**

The Directors have been advised that the Ordinary Shares should also be eligible for inclusion in a SIPP, subject to the discretion of the trustees of the SIPP.

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

No UK stamp duty or stamp duty reserve tax ("SDRT") will be payable by HGT Shareholders on the issue of New Ordinary Shares to them pursuant to the HGT Scheme.

Transfers on sale of Ordinary Shares outside of CREST will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer, rounded up to the nearest £5. The purchaser normally pays the stamp duty. However, where the consideration for the transfer is £1,000 or less (and the instrument of transfer contains a statement that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000) no stamp duty will be payable.

An unconditional agreement to transfer Ordinary Shares will normally also give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. However, if an instrument of transfer is executed in pursuance of the agreement and duly stamped within six years of the date on which the agreement became unconditional, the SDRT charge will generally be cancelled and any SDRT which has already been paid can generally be reclaimed.

The liability to pay stamp duty or SDRT is normally satisfied by the purchaser or transferee.

Paperless transfers of Ordinary Shares within the CREST system will generally be liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. Such SDRT will generally be collected through the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration.

The above statements are intended as a general guide to the current stamp duty and SDRT position. Certain categories of person, including market makers, brokers and dealers may not be liable to stamp duty or SDRT and others, including persons connected with depositary arrangements and clearance services, may be liable at a higher rate of 1.5 per cent. or may, although not primarily liable for tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

### **Information reporting**

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, FATCA. The UK has also introduced legislation implementing other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such international agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to tax authorities in other jurisdictions in accordance with the relevant international agreements.

## PART 7

### ADDITIONAL INFORMATION

#### 1. The Company, the AIFM and the Manager

- 1.1 The Company was incorporated in England and Wales as a public limited company on 13 April 1888 with an unlimited life. The Company is registered as an investment company under section 833 of the Act with registered number 00026351. The Company is domiciled in England and Wales and currently has no employees.
- 1.2 The Company has no subsidiaries.
- 1.3 The Company operates under the Act and is not regulated as a collective investment scheme by the FCA. Its registered office and principal place of business is at 201 Bishopsgate, London EC2M 3AE. The Company's telephone number is +44 (0) 20 7818 1818.
- 1.4 The existing Ordinary Shares in the Company are admitted to the premium segment of the Official List and are traded on the Main Market. The Company is subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules and to the rules of the London Stock Exchange. The existing Ordinary Shares are also listed on the New Zealand Stock Exchange.
- 1.5 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the main conditions that must be met for approval by HMRC for any given accounting period as an investment trust are that:
- the business of the Company is investing in assets with a view to spreading investment risk and giving members the benefit of the results of management of its funds;
  - the Company is not a close company at any time during the accounting period for which approval is sought;
  - each class of the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and
  - subject to certain limited exceptions, the Company must not retain in respect of the accounting period an amount greater than 15 per cent. of its income (as calculated for UK tax purposes).
- 1.6 The AIFM is a private limited company incorporated in England and Wales with registered number 02678531. The AIFM is authorised and regulated by the FCA. The registered office address of the AIFM is 201 Bishopsgate, London EC2M 3AE and its telephone number is +44 (0)20 7818 1818.
- 1.7 The Manager is a private limited company incorporated in England and Wales with registered number 00906355. The Manager is authorised and regulated by the FCA. The registered office address of the Manager is 201 Bishopsgate, London EC2M 3AE and its telephone number is +44 (0)20 7818 1818.

#### 2. Share Capital

- 2.1 Set out below is the issued share capital of the Company as at the Latest Practicable Date:

	Nominal Value (£)	Number
Ordinary Shares with a nominal value of £0.25 each	28,632,959.75	114,531,839 <sup>(1)</sup>

(1) Includes 212,305 Ordinary Shares which are held in treasury.

All of the existing issued Ordinary Shares are fully paid up.

- 2.2 As at the Latest Practicable Date, the Company held 212,305 Ordinary Shares in treasury.
- 2.3 The Company had the following changes in share capital during the period from 1 November 2012 to 31 October 2015:
- 2.3.1 During the period from 1 November 2012 to 31 October 2013, the Company issued 350,000 Ordinary Shares.

- 2.3.2 During the period from 1 November 2013 to 31 October 2014, the Company issued 850,000 Ordinary Shares.
- 2.3.3 During the period from 1 November 2014 to 31 October 2015, the Company issued 1,000,000 Ordinary Shares and purchased 25,000 Ordinary Shares for cancellation.
- 2.3.4 During the period beginning on 1 November 2015 and ending on the Latest Practicable Date, the Company has issued 1,450,000 Ordinary Shares and purchased 212,305 Ordinary Shares to be held in treasury.
- 2.4 By an ordinary resolution and a special resolution, respectively, passed on 25 February 2016 at the Company's AGM:
- 2.4.1 the Directors were generally and unconditionally authorised pursuant to Section 551 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £2,863,295 (or such amount being equivalent to 10 per cent. of the Company's issued ordinary share capital at the date of the passing of the resolution) for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date falling 15 months after the passing of the resolution and the conclusion of the Company's 2017 AGM, but that the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred by the resolution had not expired; and
- 2.4.2 the Directors were empowered, pursuant to Section 570 of the Act to allot or sell equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by the resolution described in paragraph 2.4.1 as if Section 561 of the Act did not apply to the allotment and to sell relevant shares (within the meaning of Section 560 of the Act) held by the Company immediately before the sale of treasury shares (as defined in Section 724 of the Act) for cash as if Section 561 of the Act did not apply provided that this power shall be limited:
- (a) to the allotment or sale of equity securities whether by way of a rights issue, open offer or otherwise to ordinary shareholders and/or holders of any other securities in accordance with the rights of those securities where the equity securities respectively attributable to the interests of all ordinary shareholders and/or such holders are proportionate (or as nearly as may be) to the respective numbers of ordinary shares and such equity securities held by them (or are otherwise allotted in accordance with the rights attaching to such equity securities) subject in either case to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or local or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever;
- (b) to the allotment or sale (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to a maximum aggregate nominal value of £2,863,295 (or such amount being equivalent to 10 per cent. of the Company's issued ordinary share capital at the date of the passing of the resolution); and
- (c) to the allotment or sale of equity securities at a price not less than the net asset value per share;
- and shall expire on the earlier of the date falling 15 months after the passing of the resolution and the conclusion of the Company's 2017 AGM, save that the Directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred by the resolution had not expired.
- 2.5 In order to authorise the Company to issue the New Ordinary Shares in connection with the HGT Scheme, Shareholders will be asked to pass the Resolution at the General Meeting.
- 2.6 No share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such

capital and no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.

- 2.7 The New Ordinary Shares will be in registered form. Temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB0000767003.

### **3 Articles of Association**

A summary of the main provisions of the Articles is set out below.

#### **3.1 *Objects***

The Articles do not provide for any objects of the Company and accordingly the Company's objects are unrestricted.

#### **3.2 *Variation of rights***

Subject to the provisions of the Act and any statutory modification or re-enactment thereof for the time being in force and every other Act from time to time in force concerning companies and affecting the Company (the "**Statutes**"), if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated:

3.2.1 in such manner (if any) as may be provided by such rights; or

3.2.2 in the absence of any such provision by a special resolution passed at a separate meeting of the holders of shares of that class. Meetings of any special class of members may be summoned by the Directors whenever they shall deem it requisite or expedient so to do. The rules and regulations with respect to the summoning, holding and conducting of general meetings, and the voting thereat, shall apply as nearly as may be to any such meeting provided that no member, not being a Director, shall be entitled to notice thereof unless he be a holder of shares of the class intended to be affected by the resolution to be proposed thereat, and that no vote shall be given except in respect of a share of that class, and that the quorum at any such meeting shall be members holding or representing by proxy one-third of the issued shares of that class (but so that if at any adjourned meeting of such members a quorum as above defined is not present, those members who are present shall be a quorum) and that at any such meeting a poll may be demanded in writing by any five members present in person or by proxy and entitled to vote at the meeting, and provided also that at such meetings every share shall confer one vote, and any special restriction as regards voting at general meetings applicable to certain shares (if any) shall apply to such class meetings. A meeting of any special class of members shall be convened by the Directors on a requisition in writing authenticated by the holders of not less than one-tenth of the issued capital of that class upon which all calls or other sums then due have been paid.

#### **3.3 *Alteration of share capital***

The Company may by ordinary resolution:

3.3.1 authorise the Directors to increase its share capital by allotting new shares;

3.3.2 consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares;

3.3.3 subject to the provisions of the Statutes, sub-divide its shares or any of them into shares of smaller amount and the resolution may determine that, as between the shares resulting from such sub-division, any of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with, the others as the Company has power to attach to new shares; and

3.3.4 redenominate its share capital by converting shares from having a fixed nominal value in one currency to having a fixed nominal value in another currency.

#### **3.4 *Issue of shares***

Without prejudice to any special rights attached to any existing shares, and subject to the provisions of the Statutes and of the Articles, any shares may be issued with such rights or restrictions as the Company may from time to time by ordinary resolution determine.

Subject to the provisions of the Statutes relating to authority, pre-emption rights and otherwise and to any directions which may be given by the Company in general meeting, the Board may allot, grant options over or otherwise dispose of any new shares to such persons (including the Directors themselves) on such terms and at such times as the Board may think proper, provided that no shares shall be issued at a discount to their nominal value.

### 3.5 *Dividends*

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividends shall exceed the amount recommended by the Board.

Subject to the provisions of the Statutes the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend but no interim dividend shall be paid on shares carrying deferred or non-preferential rights if, at the time of payment, any preferential dividend is in arrear and provided that the Board acts in good faith, it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer by lawful payment of any interim dividend on any shares ranking after those with preferential rights.

No dividend shall be paid otherwise than out of profits available for distribution in accordance with the Statutes.

Subject to any rights or restrictions for the time being attached to any particular shares, all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividends are paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this paragraph 3.5 as paid up on the share.

### 3.6 *Voting rights*

Subject and without prejudice to any rights or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, at any general meeting, on a show of hands every member entitled to vote who (being an individual) is present in person and every person (not being himself a member entitled to vote) who is present as proxy for a member entitled to vote, or as a duly authorised representative of a corporation, shall have one vote and on a poll every member entitled to vote who is present in person or by proxy shall have one vote for every £1 in nominal amount of shares in the capital of the Company of which is the holder.

If two or more persons are jointly entitled to a share, then in voting on any question the vote of the senior who tenders the vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share, and for this purpose seniority of the holders shall be determined by the order in which the names stand in the Register.

No member shall, unless the Board otherwise determines, be entitled to vote at a general meeting or at any separate meeting of the holders of any class of shares in the Company either personally or by proxy in respect of any shares held by him or to exercise any privilege as a member unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

### 3.7 *Transfer of shares*

Subject to such of the restrictions contained in the Articles as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form, or in such other form as the Board shall approve.

Notwithstanding any other provision of the Articles, title to any securities of the Company may be evidenced and transferred without a written instrument in accordance with statutory regulations from time to time made under the Statutes and the Board shall have power to implement any arrangements it may think fit for such evidencing and transfer which accord with those regulations.

The Board may, in its absolute discretion refuse to register a transfer of any shares which is not fully paid to a person of whom it does not approve and it may also refuse to register any transfer of any share to more than four transferees or any transfer of any share on which the Company has a lien provided

that the Board shall not refuse to register any transfer or renunciation of partly paid shares which are listed on the Official List on the grounds that they are partly paid shares in circumstances where such refusal would prevent dealings in such shares from taking place on an open and proper basis.

If the Board shall refuse to register a transfer of any share, it shall, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of such refusal. At the same time as it sends the transferee notice of the refusal to register a transfer, the Board will provide the transferee with its reasons for the refusal.

No fee shall be charged for registration of a transfer or on the registration of any probate, letters of administration, certificate of death or marriage, power of attorney, notice or other instrument relating to or affecting the title to any shares.

### 3.8 ***Distribution of assets on a winding-up***

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Statutes, divide among the members *in specie* the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members, but if any division is resolved otherwise than in accordance with such rights, the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 110 of the Insolvency Act 1986. The liquidator may, with the like sanction, vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine, but no member shall be compelled to accept any assets on which there is a liability.

### 3.9 ***Suspension of rights: failure to respond to a section 793 notice***

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation to any shares (the “**default shares**”) to give the Company the information thereby required within the prescribed period from the service of the notice, the following sanctions shall apply unless the Board otherwise determines:

3.9.1 the member shall not be entitled in respect of the default shares to be present or to vote (either in person or by representative or proxy) at any general meeting or at any separate meeting of the holders of any class of shares or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll, and

3.9.2 where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class:

(a) any dividend or other money payable in respect of the shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect, to receive shares instead of that dividend, and

(b) subject to certain exceptions, no transfer of any shares held by the member shall be registered unless:

(i) the member is not himself in default as regards supplying the information required; and

(ii) the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

### 3.10 ***Untraced shareholders***

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy if and provided that:

3.10.1 during the period of 12 years prior to the date of the publication of the advertisements referred to in paragraph 3.10.2 below (or, if published on different dates, the earlier or earliest thereof) no dividend, warrant or cheque in respect of the shares in question sent by the Company through the post in a pre-paid letter addressed to the member or to the person

entitled by transmission to the share or stock at his address on the Register or other the last known address given by the member or the person entitled by transmission to which warrants and cheques are to be sent has been cashed and during such period at least three dividends (whether interim or final) in respect of the shares in question have been paid by the Company and no dividend has been claimed in respect of such shares;

3.10.2 the Company shall on expiry of the said 12 years have inserted advertisements, both in a national newspaper published in the United Kingdom and in a newspaper circulating in the area of the address in which the address referred to in paragraph 3.10.1 above is located, giving notice of its intention to sell the said shares;

3.10.3 the said advertisements, if not published on the same day, shall have been published within 30 days of each other; and

3.10.4 during the said period of 12 years and the period of three months following the date of publication of the said advertisements (or, if published on different dates, the later or latest thereof) the Company shall have not received indication either of the whereabouts or of the existence of such member or person.

### 3.11 *Appointment of Directors*

Unless otherwise determined by ordinary resolution, the number of Directors (other than alternate Directors) shall not be more than eight or less than three. A Director shall not be required to hold any qualification shares.

At every annual general meeting of the Company each Director shall retire from office who is required to do so in accordance with any corporate governance policy adopted from time to time by the Board and may offer him or herself for reappointment by the members.

The Board may appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

Any Director appointed to fill a casual vacancy or as an additional Director shall hold office only until the conclusion of the next following annual general meeting and shall then be eligible for reappointment, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. If not re-appointed at such annual general meeting, he shall vacate office at the conclusion thereof.

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board.

### 3.12 *Powers and duties of Directors*

Subject to the provisions of the Statutes, the Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the Board, which may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company and as are not by the Statutes or by the Articles required to be exercised or done by the Company in general meeting.

### 3.13 *Quorum and voting at board meetings*

The Board may regulate its proceedings as it thinks fit and determine the quorum for the transaction of business. Until otherwise determined, two Directors present shall be a quorum.

Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman shall have a second or casting vote.

A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director who is not himself a Director shall, if his appointor is not present, be counted in the quorum.

### 3.14 *Restrictions on voting*

Subject to any other provision of the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest

(other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises only because the case falls within certain limited categories specified in the Articles.

### 3.15 ***Directors' interests***

Subject to the provisions of the Act and provided that the Director has disclosed to the other Directors the nature and extent of any material interest of his, a Director, notwithstanding his office, may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested and may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is interested.

### 3.16 ***Indemnity***

Subject to the provisions of and so far as may be consistent with the Statutes, but without prejudice to any indemnity to which a Director may be otherwise entitled, every Director, alternate Director, secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses, and liabilities incurred by him in the execution and/or discharge of his duties and/or the exercise of his powers and/or otherwise in relation to or in connection with his duties powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgement is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

### 3.17 ***General meetings***

An annual general meeting shall be convened by not less than twenty-one clear days' notice in writing. Subject to the Statutes, all other general meetings shall be convened by not less than fourteen clear days' notice in writing.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. For all purposes the quorum shall be not less than three persons entitled to vote upon the business to be transacted, each being a member or a proxy for a member or a duly authorised representative of a corporation.

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. Any person or persons (whether a member of the Company or not) may be appointed to act as a proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the member. A proxy shall, notwithstanding that he is not a member, be entitled to speak at any general meeting and at any separate general meeting of the holders of any class of shares of the Company at which the member appointing such proxy would have been entitled to speak.

Any corporation (whether or not a company within the meaning of the Statutes) which is a member of the Company may, by resolution of its directors or other governing body, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company, or at any meeting of any class of members of the Company, and the person or persons so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.

A Director (and any other person invited by the Chairman to do so) shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares of the Company.

At any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands, unless before or upon the declaration of the result of the show of hands a poll is duly demanded. Subject to the provisions of the Statutes, a poll may be demanded: (a) by the Chairman; or (b) in writing by at least 3 persons entitled to vote on the resolution; or (c) in writing by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to shares in the Company which are held as treasury shares); or (d) in writing by a member or members holding shares

conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right, and a demand by a person as a proxy for a member shall be the same as a demand by the member.

### 3.18 ***Borrowings***

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other powers of control exercisable by the Company in respect of its subsidiaries so as to ensure (as regards its subsidiaries so far as by such exercise it can so ensure) that the aggregate amount for the time being outstanding in respect of moneys borrowed by the group (exclusive of moneys owing by one member of the group to another) shall not any time without the previous sanction of the Company in general meeting exceed an amount equal to three-quarters of the aggregate of:

3.18.1 the amount paid up on the issued share capital of the Company, and

3.18.2 the amount standing to the credit of the capital and revenue reserves (including any share premium account, capital redemption reserve fund and any credit balance on revenue account but excluding any unrealised appreciation in the value of investment or currencies),

all as shown by the then latest audited balance sheet of the Company (or, if consolidated, of the Company and its subsidiaries), subject to certain adjustments.

### 3.19 ***Liability for loss of financial assets held in custody***

The Board, at its discretion, may allow a depositary appointed to safe-keep the Company's assets to avail itself of a contractual discharge of liability for loss of such assets (including in cases where the law of a country that is not part of the European Economic Area requires assets to be held by a local custodian), provided always that all other conditions for such discharge have been met.

### 3.20 ***Information made available to members***

Investor Disclosures shall be made available to members and prospective members in such manner as may be determined by the Board from time to time (including without limitation, and where so determined, by posting some or all of the Investor Disclosures on the Company's website or by electronic notice). For the purposes of this paragraph, the term "Investor Disclosures" means solely the information required to be made available to members and prospective members pursuant to FUND Rules in the FCA Handbook as amended or replaced from time to time.

## **4. City Code on Takeovers and Mergers**

### 4.1 ***Mandatory bid***

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

4.1.1 a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or

4.1.2 a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

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

### 4.2 ***Compulsory Acquisition***

Under sections 974 to 991 of the Act, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It

would do so by sending a notice to holders of outstanding shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the holders of outstanding shares. The consideration offered to the holders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.

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

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

## 5. Interests of Directors, major Shareholders and related party transactions

5.1 At the Latest Practicable Date, the Directors held the following interests in the share capital of the Company:

Name	Number of Ordinary Shares	Percentage of issued Ordinary Share capital <sup>(1)</sup>
Richard Killingbeck	30,000	0.03
Susan Inglis	5,000	Less than 0.01
Julian Chillingworth	1,620	Less than 0.01
Matthew Thorne	30,250	0.03
David Wild	12,803	0.01

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

5.2 No Director has a service contract with the Company, nor is any such contract proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. In accordance with the corporate governance policy adopted by the Company, all the Directors retire at each AGM and may offer themselves for re-election. The Directors' appointments can also be terminated in accordance with the Articles.

There is no notice period specified in the letters of appointment or Articles for the removal of Directors. The Articles provide that the office of director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for six consecutive months or more; or (iii) written request of all of the other Directors.

5.3 The annual fees payable to the Directors are £38,000 for the Chairman, £26,500 for the Audit Committee Chairman and Senior Independent Director and £24,500 for other Directors. The total salary and fees receivable by the Directors and paid by the Company to the Directors in respect of the Company's accounting period ended 31 October 2015 was £135,006. It is estimated that the total salary and fees payable by the Company to the Directors for the accounting period ended 31 October 2016 will amount to £140,000.

There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.

5.4 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.

5.5 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of the following administrative, management or supervisory bodies and/or partnerships:

***Richard Killingbeck***

**Present directorships and partnerships**

A.R.E. Business & Professional Limited  
Fitel Nominees Limited  
Readycount Limited  
S.R.S. Business & Professional Limited  
Stockholm Investments Ltd  
W H Ireland Limited  
W H Ireland Nominees Limited  
W.H. Ireland (Financial Services) Limited  
W.H. Ireland Group plc  
W.H. Ireland (IOM) Limited  
W.H. Ireland Trustee Limited

***Susan Inglis***

**Present directorships and partnerships**

12 Cornwall Gardens Limited

***Julian Chillingworth***

**Present directorships and partnerships**

Rathbone Unit Trust Management Limited

***Matthew Thorne***

**Present directorships and partnerships**

Custodian REIT plc  
West Mews Management Limited

***David Wild***

**Present directorships and partnerships**

AKS Partners Limited  
D A Hall Trading Limited  
D.P. Newcastle Limited  
DAHT Limited  
Daytona JV Limited  
Dijla Newport Limited  
Domino's Leasing Limited  
Domino's Pizza Germany (Holdings) Limited  
Domino's Pizza Germany Limited  
Domino's Pizza Group plc  
Domino's Pizza UK & Ireland Limited  
Domino's Pizza West Country Limited  
DP Beach A Limited  
DP Beach B Limited  
DP Capital Limited  
DP Group Developments Limited  
DP Realty Limited  
DP Shayban Limited  
DPG Holdings Limited  
Mesan Limited  
MLS Ltd  
Practicology Limited  
Zens Limited

**Past directorships and partnership**

Close Fund Management (Investments) Limited  
Close Investments Limited  
Credit Suisse Private Bank  
Rebourne Technology Investment Management Limited  
The Army And Navy Investment Company Limited  
The Masonic Samaritan Fund

**Past directorships and partnership**

Intelli Corporate Finance Limited  
Intelli Partners Limited

**Past directorships and partnership**

Rathbone Investment Management Limited

**Past directorships and partnership**

CLC Parabola Limited  
CLC Services Limited  
CLC Sports Services Limited  
Thirty Seven Gloucester Street Limited

**Past directorships and partnership**

Halfords Autocentres Limited  
Halfords Finance Limited  
Premier Foods plc

5.6 The Directors in the five years before the date of this document:

5.6.1 do not have any convictions in relation to fraudulent offences;

5.6.2 have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative,

management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

- 5.6.3 have not had any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.
- 5.7 So far as is known to the Company by virtue of the notifications made to it pursuant to the Disclosure and Transparency Rules, as at the Latest Practicable Date the following persons held directly or indirectly three per cent. or more of the Company's voting rights:

Name	Number of voting rights held	Percentage of voting rights
Investec Wealth & Investment Limited	6,080,898	5.32

Save as set out in this paragraph 5.7, the Company is not aware of any person who holds as shareholder (within the meaning of the Disclosure and Transparency Rules), directly or indirectly, 3 per cent. or more of the voting rights of the Company.

- 5.8 All Shareholders have the same voting rights in respect of the share capital of the Company.
- 5.9 The Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 5.10 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.
- 5.11 Save for continuing payment of Directors' remuneration and the management fees on the bases set out in paragraphs 5.3 and 6.2 respectively of this Part 7, there have been no related party transactions entered into by the Company at any time during the period from 1 November 2012 to the Latest Practicable Date.
- 5.12 Save for each of the Directors' interests in the share capital of the Company (referred to in paragraph 5.1 above) and the annual fees payable to the Directors (referred to in paragraph 5.3 above), none of the Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and his private interests and any other duties. The AIFM, the Manager, any of their directors, officers, employees, agents and affiliates and the Directors and any person or company with whom they are affiliated or by whom they are employed (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

## 6. Material Contracts

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

### 6.1 *Transfer Agreement*

Pursuant to letters of undertaking from: (i) the Liquidators to each of the Company and HGT, each dated on or around 23 March 2016; and (ii) the Company to HGT dated on or around 23 March 2016, the Liquidators and the Company have each irrevocably undertaken (subject to certain conditions) to enter into a transfer agreement (the "**Transfer Agreement**") between the Company, the Liquidators and HGT in connection with the HGT Scheme. Under the terms of the Transfer Agreement, a pool of HGT's assets will be transferred to the Company in consideration for the allotment by the Company of fully paid New Ordinary Shares to the Liquidators (as nominees for HGT Shareholders entitled to them in accordance with the HGT Scheme). Thereafter, the Liquidators will renounce the allotments of the New Ordinary Shares in favour of HGT Shareholders who have elected to receive New Ordinary Shares, and such New Ordinary Shares will be issued by the Company to those HGT Shareholders pursuant to the HGT Scheme.

The Transfer Agreement excludes any liability on the part of the Liquidators for entering into or carrying into effect the Transfer Agreement.

The Transfer Agreement will be available for inspection as stated in paragraph 11 of this Part 7.

## 6.2 *Management Agreement*

The Management Agreement dated 17 July 2014 (as amended on 22 December 2014 and 19 January 2015) between the Company and the AIFM, whereby the AIFM is appointed to act as the discretionary investment manager of the Company and as AIFM to the Company for the purposes of the AIFM Directive with responsibility to manage the assets of the Company and to advise the Company on a day to day basis in accordance with the investment policy of the Company and subject to the overall control and supervision of the Board. Under the terms of the Management Agreement, the AIFM has discretion to buy, sell, retain, exchange, convert, redeem or otherwise deal in investment assets for the account of the Company. Pursuant to the Sub Investment Management Agreement, the AIFM has delegated portfolio management to the Manager.

Under the terms of the Management Agreement, the AIFM is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable quarterly in advance of the first day of each calendar quarter and is at the rate of: (i) 0.45 per cent. per annum of the first £750 million of the average Net Asset Value; and (ii) 0.40 per cent. per annum of the average Net Asset Value in excess of £750 million, in each case calculated on the last day in October in each of the two years preceding the calendar year in respect of which the calculation is made.

Under the Management Agreement, the AIFM may delegate the exercise of all or any of its powers, provided that the AIFM does not delegate its duties to the extent that it becomes a “letter-box entity” within the meaning of the AIFM Directive.

The Management Agreement is terminable by either the AIFM or the Company giving to the other not less than 6 months’ written notice or, if terminated by the Company earlier, upon the payment of compensation. The Management Agreement may also be terminated earlier by either party with immediate effect and without compensation on the occurrence of certain events, including material and continuing breach and insolvency. On termination the AIFM is entitled to receive its fees payable under the Management Agreement *pro rata* to the date of termination and the Company will pay any necessary termination expenses.

The Company has given an indemnity in favour of the AIFM, its group members and their respective officers, employees and agents in respect of the AIFM’s potential losses in carrying on its responsibilities under the Management Agreement.

The Management Agreement is governed by the laws of England and Wales.

## 6.3 *Registrar Agreement*

The Registrar Agreement between the Company and the Registrar dated 1 July 2015, pursuant to which the Registrar has been appointed as registrar to the Company. The fees of the Registrar are to be agreed from time to time by the Company and the Registrar. The Registrar shall also be entitled to reimbursement of all reasonable out of pocket expenses incurred by it on behalf of the Company.

Either party may terminate the Registrar Agreement on not less than 12 months’ written notice. Either party may terminate the Registrar Agreement with immediate effect in certain circumstances, including if: (i) the other party commits a material breach of its obligations under the Registrar Agreement and which, if capable of remedy, that party has failed to remedy within 60 calendar days of receiving notice to remedy the breach; or (ii) the other party is insolvent.

The Registrar Agreement limits the Registrar’s liability thereunder over any 12 month period to the fees paid by the Company to the Registrar in that 12 month period. The Company indemnifies the Registrar against all liabilities arising out of or connected to the Registrar Agreement, save in the case of fraud, gross negligence or wilful default on the part of the Registrar.

The Registrar Agreement is governed by the laws of England and Wales.

## 6.4 *Depositary Agreement*

The Depositary Agreement dated 18 July 2014 between the Company, the AIFM and the Depositary, pursuant to which the Depositary has been appointed to provide depositary services to the Company, in fulfilment of the requirements of the AIFM Directive.

The Depositary is registered in France and operates through its branch in London. It is authorised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and supervised by the Autorité des Marchés Financiers (AMF) but, in respect of its services as depositary in the United Kingdom, is authorised by the Prudential Regulation Authority and is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority.

Under the Depositary Agreement, the Depositary has safekeeping of assets, cash flow monitoring and oversight responsibilities. It is liable for financial instruments held in custody and for negligence and intentional failure to properly fulfil its obligations. The Depositary Agreement is terminable on six months' prior written notice. The Depositary Agreement is subject to earlier termination on the occurrence of certain events, including insolvency and material and continuing breach.

The Depositary is able to delegate safekeeping to another person provided it follows the requirements of the AIFMD, which include that the delegation is for objective reasons and that the Depositary undertakes due diligence and monitoring of the delegate.

Under the terms of the Depositary Agreement, the Depositary is entitled to be paid fees of between 0.0075 per cent. and 0.0140 per cent. of the Company's gross assets per annum, subject to a minimum fee of £8,000 per annum. The Depositary is also entitled to receive custody fees in accordance with a specified schedule of charges.

The Depositary Agreement is governed by the law of England and Wales.

#### 6.5 *Trust Deed*

A Trust Deed dated 24 June 1986 as amended by a supplemental trust deed dated 7 October 1993 and as further amended by a second supplemental trust deed dated 27 February 1997 made between the Company and The Law Debenture Trust Corporation plc (the "**Trustee**") constituting and securing £10,000,000 10.5 per cent. debenture stock due in 2016 and a further £15,000,000 8.0 per cent. debenture stock due in 2023. Pursuant to the Trust Deed, the Trustee agreed to act as trustee of this debenture stock for the benefit of the stockholders. The 10.5 per cent. £10 million 2016 debenture stock is due to be repaid on 31 October 2016.

As security for all sums which may become due by the Company to the Trustee under the terms of the Trust Deed, the Company has granted to the Trustee a floating charge over the whole of its undertaking and all the property and assets, present and future of the Company.

Except as provided for under the terms of the Trust Deed, the Company has agreed that for so long as any of the debenture stock remains outstanding, it will not, without the prior sanction of an extraordinary resolution of the stockholders, create or extend any charge or other security interest on the mortgaged property, or acquire any property subject to a charge which ranks in priority to or *pari passu* with the floating charge granted.

#### 6.6 *Note Purchase Agreement*

A Note Purchase Agreement dated 27 May 2015 between the Company and various purchasers in respect of the issue and sale by the Company of £50,000,000 unsecured loan notes (the "**Notes**"). Interest on the Notes at a rate of 3.68 per cent. is payable semi-annually with the principal amount is due to be repaid on 27 May 2035. The Notes shall automatically become immediately due and payable in the event of certain events of default.

The Note Purchase Agreement is governed by English law.

### 7. **Litigation**

There have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, during the 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

### 8. **General**

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

- 8.2 J.P. Morgan Cazenove has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 8.3 Each of Henderson Investment Funds Limited and Henderson Global Investors Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 8.4 Henderson Global Investors Limited accepts responsibility for the information contained in the “Investment portfolio” and “Market Outlook” sections of Part 1 of this document and Part 2 of this document and has authorised the inclusion of that information in the form and context in which it is included. Henderson Global Investors Limited has taken all reasonable care to ensure that the information contained in the foregoing sections is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.
- 8.5 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Directors intend to apply for all New Ordinary Shares issued pursuant to the Issue to be admitted to CREST with effect from Admission. Accordingly, it is intended that settlement of transactions in the New Ordinary Shares issued pursuant to the Issue following Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrar.

## **9. Auditor**

- 9.1 The auditor to the Company is Grant Thornton UK LLP of 30 Finsbury Square, London EC2P 2YU. Grant Thornton UK LLP is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales. The firm is a member of the ICAEW Practice Assurance scheme and is subject to the jurisdiction of The Accountancy and Actuarial Discipline Board. Grant Thornton UK LLP have audited the Company’s annual accounts for the financial periods ended 31 October 2014 and 31 October 2015 and no other information contained in this document.
- 9.2 PricewaterhouseCoopers LLP of 7 More London Riverside, London WC2N 6RH audited the Company’s annual accounts for the financial period ended 31 October 2013 and no other information contained in this document. PricewaterhouseCoopers LLP is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales.

## **10. Depositary**

The Depositary is BNP Paribas Securities Services, London branch, registered at the Companies Register of Paris under number 552 108 011, whose registered office is at 3, Rue d’Antin – 75002 Paris, France, and whose principal place of business in the United Kingdom is 55 Moorgate, London EC2R 6PA, telephone number + 44 (0) 20 7595 0144 . The Depositary is authorised and regulated by the FCA for the conduct of its investment business in the United Kingdom and by the PRA.

## **11. Documents on display**

The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of the AIFM, 201 Bishopsgate, London EC2M 3AE until the date of Admission:

- 11.1 this document;
- 11.2 the Articles;
- 11.3 the audited accounts of the Company for the years ended 31 October 2013, 31 October 2014 and 31 October 2015;
- 11.4 the Circular;
- 11.5 the circular to HGT Shareholders in connection with the HGT Scheme; and
- 11.6 the Transfer Agreement.

A copy of this document will also be available from the National Storage Mechanism ([www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do)) from the date of this document.

## 12. Documents incorporated by reference

This document should be read and construed in conjunction with the following documents, which have been previously published and filed with the FCA, which are available from the offices of the AIFM, 201 Bishopsgate, London EC2M 3AE and which are available for inspection in accordance with paragraph 11 above:

<b>Reference document</b>	<b>Information incorporated by reference</b>	<b>Page number in the document</b>
2015 Annual Report and Accounts	Investment Objectives and Policy	1
	Performance Highlights	2-3
	Business Model	4
	Chairman's Statement	5-6
	Fund Manager's Review	7
	Statistical Record	8
	Rates of Exchange	8
	Distribution of Assets and Liabilities	8
	Largest investments	9
	Changes in investments	9
	Fund Manager Reports	10-21
	Portfolio Structure	22
	Corporate Information	23-27
	Glossary	28
	Corporate Report	30-42
	Financial Statements	43-64
	2014 Annual Report and Accounts	Investment Objectives and Policy
Performance Highlights		2-3
Business Model		4
Chairman's Statement		5-6
Fund Manager's Report		7
Statistical Record		8
Rates of Exchange		8
Distribution of Assets and Liabilities		8
Largest Investments		9
Changes in Investments		9
Fund Manager Reports		10-20
Portfolio Structure		21
Key Information		22-23
Corporate Information		24-25
Glossary		26
Report of the Directors		28-29
Statement of Directors' Responsibilities		30
Directors' Remuneration Report		31-32
Corporate Governance Statement		33-35
Report of the Audit Committee		36-37
Independent Auditor's Report to the members of The Bankers Investment Trust PLC		38-39
Statement of Comprehensive Income		40
Statement of Changes in Equity		41
Statement of Financial Position		42
Cash Flow Statement		43
Notes to the Financial Statements		44-61
General Shareholder Information		62
Alternative Investment Fund Managers Directive Disclosures (Unaudited)		63-64

<b>Reference document</b>	<b>Information incorporated by reference</b>	<b>Page number in the document</b>
2013 Annual Report and Accounts	Objectives and policy	Inside front cover
	Performance Highlights	1
	Chairman's Statement	3
	Fund manager's Review	5
	Fund manager's Reports	6-16
	Portfolio Structure	17
	Strategic Review	18
	Directors and Management List	22
	Report of the Directors	23
	Corporate Governance Statement	25
	Statement of Director's Responsibilities	31
	Director's Remuneration Report	32
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Dated: 23 March 2016

## PART 8

### DEFINITIONS

“Act”	the Companies Act 2006, as amended from time to time
“Admission”	the admission of the New Ordinary Shares: (i) to the premium segment of the Official List; and (ii) to trading on the Main Market, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
“AGM”	annual general meeting
“AIC”	Association of Investment Companies
“AIC Code”	the Association of Investment Companies’ Code of Corporate Governance, as amended from time to time
“AIC Guide”	the Association of Investment Companies’ Corporate Governance Guide for Investment Companies, as amended from time to time
“AIF”	an alternative investment fund
“AIFM” or “HIFL”	Henderson Investment Funds Limited, the Company’s alternative investment fund manager
“AIFM Directive” or “AIFMD”	Directive 2011/61/EU on Alternative Investment Fund Managers
“AIFM Regulation”	Alternative Investment Fund Manager Regulations 2013 (SI 2013/1773)
“Articles”	the articles of association of the Company
“Auditor”	Grant Thornton UK LLP or such other auditor as the Company may appoint from time to time
“BNKR FAV per Share”	the formula asset value of an Ordinary Share being the BNKR NAV per Share calculated at a 1 (one) per cent. premium to the BNKR NAV per Share as at the Ratio Date
“BNKR NAV per Share”	the net asset value of a BNKR Ordinary Share being the value of BNKR’s assets less any liabilities it has, calculated in accordance with BNKR’s normal accounting policies, on a cum-income, debt at par basis, post the costs of the Proposals to BNKR (but not stamp duty or dealings costs) and adjusted to take into account any dividends declared but not paid prior to the Effective Date by BNKR to its Shareholders, divided by the number BNKR Ordinary Shares in issue
“BNKR Rollover Fund”	the fund comprising the pool of HGT’s assets that will be transferred to the Company pursuant to the HGT Scheme
“Business Day”	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
“Calculation Date”	close of business on 20 April 2016, being the time and date at which HGT’s assets will be determined for the purposes of the calculation of the Residual Net Asset Value per HGT Share and the creation of the Liquidation Fund, the HINT Rollover Fund and the BNKR Rollover Fund
“certificated form”	not in uncertificated form
“Circular”	the circular published by the Company in connection with the issue of the New Ordinary Shares dated 23 March 2016
“Company”	The Bankers Investment Trust PLC

<b>“Corporate Secretary”</b>	Henderson Secretarial Services Limited
<b>“CREST”</b>	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
<b>“Depositary”</b>	BNP Paribas Securities Services
<b>“Depositary Agreement”</b>	the depositary agreement dated 18 July 2014 between the Company, the AIFM and the Depositary summarised in paragraph 6.4 of Part 7 of this document
<b>“Directors” or “Board”</b>	the board of directors of the Company
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the FCA under Part 6 of FSMA
<b>“Effective Date”</b>	the date on which the HGT Scheme becomes effective, which is expected to be 25 April 2016
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“FCA”</b>	the UK Financial Conduct Authority
<b>“FCA Handbook”</b>	the handbook of rules and guidance published by the FCA, as amended from time to time
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000, as amended
<b>“General Meeting”</b>	the general meeting of the Company to consider the Resolution convened for 3.00 p.m. on 15 April 2016, or any adjournment thereof
<b>“HGT”</b>	Henderson Global Trust plc
<b>“HGT NAV”</b>	the net asset value of HGT being the value of HGT’s assets less any liabilities it has, calculated in accordance with HGT’s normal accounting policies, on a cum-income, debt at par basis, post the costs of the Proposals (but ignoring any provision for the winding-up) and adjusted to take into account any dividends declared but not paid prior to the Effective Date by HGT to its shareholders
<b>“HGT Preference Stock”</b>	the 3.75% (formerly 3.5%) cumulative preference stock of HGT
<b>“HGT Scheme”</b>	the proposed scheme of reconstruction and voluntary winding-up of HGT under section 110 of the Insolvency Act 1986
<b>“HGT Shareholders”</b>	holders of HGT Shares
<b>“HGT Shares”</b>	ordinary shares of nominal value 25 pence each in the capital of HGT
<b>“HINT”</b>	Henderson International Income Trust plc
<b>“HINT Resolution”</b>	the resolution to be proposed at a general meeting of shareholders of HINT to sanction the issue of new ordinary shares in HINT pursuant to the HGT Scheme
<b>“HINT Rollover Fund”</b>	the fund comprising the pool of HGT’s assets that will be transferred to HINT pursuant to the HGT Scheme
<b>“HMRC”</b>	HM Revenue & Customs
<b>“IFRS”</b>	international financial reporting standards
<b>“ISA”</b>	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998, as amended from time to time

<b>“Issue”</b>	the allotment and issue of New Ordinary Shares to certain HGT Shareholders pursuant to the HGT Scheme
<b>“J.P. Morgan Cazenove”</b>	J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove
<b>“Latest Practicable Date”</b>	close of business on 17 March 2016, being the latest practicable date prior to the date of this document for ascertaining certain information contained herein
<b>“Liquidation Fund”</b>	the fund to be retained by the Liquidators in connection with the HGT Scheme to meet all known and unknown liabilities of HGT and other contingencies
<b>“Liquidators”</b>	the liquidators of HGT appointed in connection with the implementation of the HGT Scheme
<b>“Listing Rules”</b>	the listing rules made by the FCA under section 73A of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Main Market”</b>	the main market for listed securities operated by the London Stock Exchange
<b>“Management Agreement”</b>	the management agreement dated 17 July 2014 between the AIFM and the Company summarised in paragraph 6.2 of Part 7 of this document
<b>“Manager”</b>	Henderson Global Investors Limited
<b>“Member State”</b>	any member state of the European Economic Area
<b>“NAV” or “Net Asset Value”</b>	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time
<b>“Net Asset Value per Ordinary Share”</b>	the Net Asset Value divided by the number of Ordinary Shares in issue
<b>“New Ordinary Shares”</b>	new Ordinary Shares to be issued pursuant to the Issue
<b>“New Zealand Registrar”</b>	Computershare Investor Services Limited
<b>“Note Purchase Agreement”</b>	the note purchase agreement dated 27 May 2015 between the Company and various purchasers in respect of the issue and sale by the Company of £50,000,000 unsecured loan notes summarised in paragraph 6.6 of Part 7 of this document
<b>“Official List”</b>	the official list maintained by the FCA
<b>“Ordinary Shares”</b>	ordinary shares of nominal value 25 pence each in the capital of the Company
<b>“PRA”</b>	the UK Prudential Regulation Authority
<b>“Proposals”</b>	the proposals for the issue of New Ordinary Shares to certain HGT Shareholders in respect of elections made pursuant to the HGT Scheme
<b>“Prospectus Rules”</b>	the rules and regulations made by the FCA under Part 6 of FSMA
<b>“Ratio Date”</b>	close of business on 22 April 2016, being the time and date at which the BNKR FAV per Share will be calculated and the number of New Ordinary Shares to be issued to each relevant HGT Shareholder will be determined
<b>“Register”</b>	the register of members of the Company
<b>“Registrar Agreement”</b>	the registrar agreement dated 15 March 2011, between the Company and the Registrar summarised in paragraph 6.3 of Part 7 of this document

<b>“Registrar”</b>	Equiniti Limited
<b>“Regulation S”</b>	Regulation S under the Securities Act
<b>“Regulatory Information Service”</b>	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
<b>“Relevant Member State”</b>	each Member State which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator in that Member State
<b>“Residual Net Asset Value”</b>	the net assets of HGT available to HGT Shareholders as determined under the HGT Scheme, i.e. after providing for the liabilities to be discharged out of the Liquidation Fund
<b>“Residual Net Asset Value per HGT Share”</b>	the Residual Net Asset Value divided by the number of HGT Shares in issue as at the Calculation Date
<b>“Resolution”</b>	the resolution to be proposed at the General Meeting, as summarised in Part 1 of this document and set out in full in the notice of general meeting in the Circular
<b>“Restricted HGT Shareholder”</b>	an HGT Shareholder with a registered address in any of the Restricted Territories or any other jurisdiction where the offer or receipt of New Ordinary Shares pursuant to the HGT Scheme may violate the relevant laws and/or regulations of that jurisdiction
<b>“Restricted Territories”</b>	any of Australia, Canada, Japan and the United States
<b>“Retention”</b>	the retention to be made by the Liquidators to meet any contingent and unknown liabilities of HGT
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“Shareholder”</b>	a holder of Ordinary Shares
<b>“SIPP”</b>	a self-invested personal pension as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 of the UK
<b>“Sterling” or “£”</b>	pounds sterling, the lawful currency of the UK
<b>“Sub-Investment Management Agreement”</b>	the sub-investment management agreement dated 21 July 2014 between the AIFM and the Manager pursuant to which the AIFM has delegated portfolio management of the Company’s assets to the Manager
<b>“Takeover Code”</b>	The City Code on Takeovers and Mergers
<b>“Transfer Agreement”</b>	the agreement for the transfer of assets from HGT to the Company, details of which are set out in paragraph 6.1 of Part 7 of this document
<b>“Transfer Date”</b>	the date on which HGT’s assets are transferred to the Company pursuant to the Transfer Agreement, which is expected to be the Effective Date
<b>“Trust Deed”</b>	the trust deed originally dated 24 June 1986 (as amended) between the Company and the Trustee summarised in paragraph 6.5 of Part 7 of this document
<b>“Trustee”</b>	The Law Debenture Trust Corporation plc
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Listing Authority” or “UKLA”</b>	the FCA acting in its capacity as the competent authority for the purposes of admissions to the Official List
<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 States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“US Investment Company Act”</b>	the United States Investment Company Act of 1940, as amended
<b>“US Person”</b>	a US Person as defined for the purposes of Regulation S