

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.

This document comprises a prospectus relating to Strategic Equity Capital plc (the “**Company**”) prepared in accordance with the Prospectus Rules. This document has been approved by the FCA and has been filed with the FCA in accordance with Rule 3.2 of the Prospectus Rules.

Application will be made to the UK Listing Authority and the London Stock Exchange for all of the Shares that are issued pursuant to the Share Issuance Programme 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 such admissions will become effective and that dealings for normal settlement in any new Shares will commence during the period from 3 August 2015 to 2 August 2016.

The Company and each of the Directors, whose names appear on page 20 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.

Prospective investors should read the entire document and, in particular, the section headed “Risk Factors” beginning on page 12 when considering an investment in the Company.

Strategic Equity Capital plc

(Incorporated in England and Wales with company no. 05448627 and registered as an investment company under section 833 of the Companies Act 2006)

**Share Issuance Programme of up to 20 million Shares
and**

Information relating to prior issues of 5,407,878 Shares

Investment Manager

GVQ Investment Management Limited

Sponsor and Broker

Canaccord Genuity Limited

Canaccord Genuity Limited, which is authorised and regulated by the FCA, is acting for the Company and for no-one else in connection with the Share Issuance Programme and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Canaccord Genuity Limited or for affording advice in relation to the contents of this document or any matters referred to herein. Canaccord Genuity Limited is not responsible for the contents of this document. This does not exclude or limit any responsibilities which Canaccord Genuity Limited may have under FSMA or the regulatory regime established thereunder.

The 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). In addition, the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended, 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, 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 Canaccord Genuity Limited. The offer and sale of Shares has not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Subject to certain exemptions, the Shares may not be offered to or sold within Australia, Canada, Japan or the Republic of South Africa or to any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa.

Dated: 3 August 2015

CONTENTS

SUMMARY	3
RISK FACTORS.....	12
IMPORTANT NOTICES	17
EXPECTED TIMETABLE OF KEY EVENTS	19
ISSUE STATISTICS.....	19
DEALING CODES.....	19
DIRECTORS, MANAGEMENT AND ADVISERS.....	20
PART I INFORMATION ON THE COMPANY.....	21
PART II THE SHARE ISSUANCE PROGRAMME.....	29
PART III DIRECTORS AND MANAGEMENT	33
PART IV FINANCIAL AND OTHER INFORMATION.....	39
PART V TAXATION	43
PART VI ADDITIONAL INFORMATION.....	46
PART VII TERMS AND CONDITIONS OF THE SHARE ISSUANCE PROGRAMME	62
PART VIII DEFINITIONS.....	71

SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A-E (A.1-E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. 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”.

Section A – Introduction and warnings

Element	Disclosure Requirement	Disclosure
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 the 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.

Section B – Issuer

Element	Disclosure Requirement	Disclosure
B.1.	Legal and commercial name	Strategic Equity Capital plc.
B.2.	Domicile and legal form	The Company was incorporated in England and Wales on 10 May 2005 with registered number 05448627 as a public company limited by shares under the Companies Act 1985. The principal legislation under which the Company operates is the Act.
B.5.	Group description	Not applicable; the Company does not have any subsidiaries.

B.6.	Major shareholders	<p>So far as is known to the Company, as at the Latest Practicable Date, the following persons held directly or indirectly 3% or more of the Company's voting rights:</p> <table border="1" data-bbox="571 241 1436 651"> <thead> <tr> <th style="text-align: left;"><i>Name</i></th> <th style="text-align: right;"><i>Number of voting rights held</i></th> <th style="text-align: right;"><i>% of voting rights</i></th> </tr> </thead> <tbody> <tr> <td>RIT Capital Partners plc</td> <td style="text-align: right;">9,818,227</td> <td style="text-align: right;">15.69</td> </tr> <tr> <td>Hargreaves Lansdown</td> <td style="text-align: right;">5,870,192</td> <td style="text-align: right;">9.38</td> </tr> <tr> <td>Brewin Dolphin</td> <td style="text-align: right;">3,431,656</td> <td style="text-align: right;">5.48</td> </tr> <tr> <td>Arbutnot Fund Managers</td> <td style="text-align: right;">3,412,657</td> <td style="text-align: right;">5.45</td> </tr> <tr> <td>Mr Ian Armitage</td> <td style="text-align: right;">3,200,000</td> <td style="text-align: right;">5.11</td> </tr> <tr> <td>Schroders plc</td> <td style="text-align: right;">3,111,987</td> <td style="text-align: right;">4.97</td> </tr> <tr> <td>Sir Clive Thompson</td> <td style="text-align: right;">2,679,102</td> <td style="text-align: right;">4.28</td> </tr> <tr> <td>Rathbones</td> <td style="text-align: right;">2,472,743</td> <td style="text-align: right;">3.95</td> </tr> <tr> <td>Raymond James Investment</td> <td style="text-align: right;">1,883,653</td> <td style="text-align: right;">3.01</td> </tr> </tbody> </table> <p>All Shareholders have the same voting rights in respect of the share capital of the Company.</p> <p>As at the date of this document, 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.</p>	<i>Name</i>	<i>Number of voting rights held</i>	<i>% of voting rights</i>	RIT Capital Partners plc	9,818,227	15.69	Hargreaves Lansdown	5,870,192	9.38	Brewin Dolphin	3,431,656	5.48	Arbutnot Fund Managers	3,412,657	5.45	Mr Ian Armitage	3,200,000	5.11	Schroders plc	3,111,987	4.97	Sir Clive Thompson	2,679,102	4.28	Rathbones	2,472,743	3.95	Raymond James Investment	1,883,653	3.01																												
<i>Name</i>	<i>Number of voting rights held</i>	<i>% of voting rights</i>																																																										
RIT Capital Partners plc	9,818,227	15.69																																																										
Hargreaves Lansdown	5,870,192	9.38																																																										
Brewin Dolphin	3,431,656	5.48																																																										
Arbutnot Fund Managers	3,412,657	5.45																																																										
Mr Ian Armitage	3,200,000	5.11																																																										
Schroders plc	3,111,987	4.97																																																										
Sir Clive Thompson	2,679,102	4.28																																																										
Rathbones	2,472,743	3.95																																																										
Raymond James Investment	1,883,653	3.01																																																										
B.7.	Key financial information	<p>The key figures that summarise the Company's financial condition in respect of the three financial years ended 30 June 2012, 30 June 2013 and 30 June 2014 (all audited) and for the six months ended 31 December 2013 and 31 December 2014 (both unaudited) are set out in the following table:</p> <table border="1" data-bbox="571 1039 1436 1727"> <thead> <tr> <th rowspan="3"></th> <th colspan="3" style="text-align: center;"><i>As at or for the year ended</i></th> <th colspan="2" style="text-align: center;"><i>As at or for the six months ended</i></th> </tr> <tr> <th colspan="3" style="text-align: center;"><i>30 June (audited)</i></th> <th colspan="2" style="text-align: center;"><i>31 December (unaudited)</i></th> </tr> <tr> <th style="text-align: center;"><i>2012</i></th> <th style="text-align: center;"><i>2013</i></th> <th style="text-align: center;"><i>2014</i></th> <th style="text-align: center;"><i>2013</i></th> <th style="text-align: center;"><i>2014</i></th> </tr> </thead> <tbody> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">68,639</td> <td style="text-align: right;">78,396</td> <td style="text-align: right;">103,429</td> <td style="text-align: right;">96,487</td> <td style="text-align: right;">108,669</td> </tr> <tr> <td>Net Asset Value per Share (pence)</td> <td style="text-align: right;">101.96</td> <td style="text-align: right;">126.36</td> <td style="text-align: right;">173.66</td> <td style="text-align: right;">162.00</td> <td style="text-align: right;">190.43</td> </tr> <tr> <td>Total return per Share (pence)</td> <td style="text-align: right;">(1.18)</td> <td style="text-align: right;">25.17</td> <td style="text-align: right;">48.61</td> <td style="text-align: right;">36.59</td> <td style="text-align: right;">16.77</td> </tr> <tr> <td>Total income (£'000)</td> <td style="text-align: right;">1,921</td> <td style="text-align: right;">1,828</td> <td style="text-align: right;">1,751</td> <td style="text-align: right;">969</td> <td style="text-align: right;">1,362</td> </tr> <tr> <td>Total expenses</td> <td style="text-align: right;">(876)</td> <td style="text-align: right;">(2,138)</td> <td style="text-align: right;">(1,709)</td> <td style="text-align: right;">(658)</td> <td style="text-align: right;">(2,488)</td> </tr> <tr> <td>Net return before taxation (£'000)</td> <td style="text-align: right;">(821)</td> <td style="text-align: right;">16,412</td> <td style="text-align: right;">29,403</td> <td style="text-align: right;">22,461</td> <td style="text-align: right;">9,586</td> </tr> <tr> <td>Final dividend</td> <td style="text-align: right;">1.50</td> <td style="text-align: right;">1.50</td> <td style="text-align: right;">0.78</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">N/A</td> </tr> </tbody> </table> <p>Since 31 December 2014, the Company has issued (or sold from treasury) a total of 5,517,600 Shares pursuant to its general authorities, raising gross proceeds of approximately £11.9 million which, together with the strong investment performance of the Company's portfolio, has led to a £28.0 million increase in the value of investments held.</p>		<i>As at or for the year ended</i>			<i>As at or for the six months ended</i>		<i>30 June (audited)</i>			<i>31 December (unaudited)</i>		<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>	Net assets (£'000)	68,639	78,396	103,429	96,487	108,669	Net Asset Value per Share (pence)	101.96	126.36	173.66	162.00	190.43	Total return per Share (pence)	(1.18)	25.17	48.61	36.59	16.77	Total income (£'000)	1,921	1,828	1,751	969	1,362	Total expenses	(876)	(2,138)	(1,709)	(658)	(2,488)	Net return before taxation (£'000)	(821)	16,412	29,403	22,461	9,586	Final dividend	1.50	1.50	0.78	N/A	N/A
	<i>As at or for the year ended</i>			<i>As at or for the six months ended</i>																																																								
	<i>30 June (audited)</i>			<i>31 December (unaudited)</i>																																																								
	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>																																																							
Net assets (£'000)	68,639	78,396	103,429	96,487	108,669																																																							
Net Asset Value per Share (pence)	101.96	126.36	173.66	162.00	190.43																																																							
Total return per Share (pence)	(1.18)	25.17	48.61	36.59	16.77																																																							
Total income (£'000)	1,921	1,828	1,751	969	1,362																																																							
Total expenses	(876)	(2,138)	(1,709)	(658)	(2,488)																																																							
Net return before taxation (£'000)	(821)	16,412	29,403	22,461	9,586																																																							
Final dividend	1.50	1.50	0.78	N/A	N/A																																																							

		Other than as disclosed above, there has been no significant change in the financial condition or operating results of the Company during the period covered by the historical key financial information shown above or since 31 December 2014, being the last date on which the Company published financial information.
B.8.	Key <i>pro forma</i> financial information	Not applicable. Where new Shares are issued, the total assets of the Company will increase by that number of Shares multiplied by the relevant Issue Price less brokers' commission and expenses. It is not expected that there will be any material impact on the earnings and Net Asset Value per Share. The net proceeds of the Share Issuance Programme, after providing for the Company's operational expenses, will be used to purchase investments sourced by the Investment Manager in line with the Company's investment policy. The Issue Price will, in all circumstances, represent a premium to the then prevailing Net Asset Value.
B.9.	Profit forecast	Not applicable. No profit forecast or estimate made.
B.10.	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audited financial statements, incorporated by reference in this document, do not contain any qualifications.
B.11.	Insufficiency of working capital	Not applicable.
B.34.	Investment objective and policy	<p><i>Investment objective</i></p> <p>The investment objective of the Company is to achieve absolute returns (i.e. growth in the value of investments) rather than relative returns (i.e. attempting to out-perform selected indices) over a medium term period, principally through capital growth.</p> <p><i>Investment policy</i></p> <p>The Company invests primarily in equity and equity-linked securities quoted on markets operated by the London Stock Exchange where the Investment Manager believes the securities are undervalued and could benefit from strategic, operational or management initiatives. The Company also has the flexibility to invest up to 20% of the Company's gross assets at the time of investment in securities quoted on other recognised exchanges.</p> <p>The Company may invest up to 20% of its gross assets at the time of investment in unquoted securities, provided that, for the purpose of calculating this limit, any undrawn commitments which may still be called shall be deemed to be an unquoted security.</p> <p>The maximum investment in any single investee company will be no more than 15% of the Company's investments at the time of investment.</p> <p>The Company will not invest more than 10%, in aggregate, of the value of its total assets at the time the investment is made in other listed closed-end investment funds.</p> <p>Other than as set out above, there are no specific restrictions on concentration and diversification. The Board does expect the portfolio to be relatively concentrated, with the majority of the value of investments typically concentrated in the securities of 10 to 15 issuers across a range</p>

		<p>of industries. There is also no specific restriction on the market capitalisation of issues into which the Company will invest, although it is expected that the majority of the investments by value will be invested in companies too small to be considered for inclusion in the FTSE 250 Index.</p> <p>The Company's Articles of Association permit the Board to take on borrowings of up to 25% of the net asset value at the time the borrowings are incurred for investment purposes.</p>
B.35	Borrowing limits	The Company's Articles of Association permit the Board to take on borrowings of up to 25% of the net asset value at the time the borrowings are incurred for investment purposes.
B.36.	Regulatory status	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.
B.37.	Typical investor	An investment in the Shares is suitable for institutional investors and professionally-advised or financially sophisticated non-advised private investors including retail investors seeking exposure to equity and equity-linked securities, who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment (which may equal the whole amount invested). Such investors may wish to consult an independent financial adviser who specialises in advising on shares and other securities.
B.38.	Investment of 20% or more of gross assets in single underlying asset or investment company	Not applicable; the maximum investment in any single investee company will be no more than 15% of the Company's investments at the time of investment.
B.39.	Investment of 40% or more of gross assets in single underlying asset or investment company	Not applicable; the maximum investment in any single investee company will be no more than 15% of the Company's investments at the time of investment.
B.40	Applicant's service providers	<p><i>Investment Manager</i></p> <p>The Company has entered into an Investment Management Agreement with GVQ Investment Management Limited, pursuant to which the Investment Manager is responsible for the management of the Company's assets.</p> <p>The Investment Manager is entitled to a basic fee and, in certain circumstances, a performance fee.</p> <p>The basic management fee accrues weekly and is payable quarterly in arrears. The basic fee is the lower of (i) 1.0% of the adjusted NAV of the Company and (ii) 1.0% per annum of the Company's market capitalisation.</p> <p>In addition, the Investment Manager will be entitled to a performance fee in certain circumstances.</p> <p>The Company's performance is measured over rolling three-year periods ending on 30 June each year, by comparing the NAV total return per Share over a performance period against the total return performance of</p>

		<p>the FTSE SmallCap (ex Investment Companies) Index. A performance fee is payable if the NAV total return per Share (calculated before any accrual for any performance fee to be paid in respect of the relevant performance period) at the end of the relevant performance period exceeds both:</p> <p>(i) the NAV per Share at the beginning of the relevant performance period as adjusted by the aggregate amount of (a) the total return on the FTSE SmallCap (ex Investment Companies) Index (expressed as a percentage) and (b) 2.0% per annum over the relevant performance period (“Target NAV per Share”); and</p> <p>(ii) the high watermark (which is the highest NAV per Share by reference to which a performance fee was paid previously).</p> <p>The Investment Manager will be entitled to 15% of the excess over the higher of the Target NAV per Share and the high watermark. Payment of a performance fee that has been earned will be deferred to the extent that the amount payable exceeds 1.75% per annum of the Company’s NAV at the end of the relevant performance period (amounts deferred will be payable when, and to the extent that, following any later performance period(s) with respect to which a performance fee is payable, it is possible to pay the deferred amounts without causing that cap to be exceeded or the relevant NAV total return per Share to fall below the relevant Target NAV per Share and the relevant high watermark).</p> <p><i>Registrar</i></p> <p>Computershare Investor Services PLC has been appointed as the Company’s registrar to provide share registration services. Under the terms of the Registrar Agreement, the Registrar is entitled to a fee of £1.35 per holding per annum which is subject to a minimum fee per annum of £1,500.</p> <p><i>Depositary and custodian</i></p> <p>Northern Trust Global Services Limited has been appointed as depositary to provide cash monitoring, safekeeping of financial instruments and other assets and oversight services to the Company. The Depositary has delegated custody of the Company’s securities and other investments to The Northern Trust Company.</p> <p>Under the terms of the Depositary Agreement, the Depositary is entitled to be paid a fee of 0.03% per annum of the Net Asset Value of the Company subject to a minimum annual charge of £50,000. For its custody services, the Depositary is also entitled to be paid a fee of 0.01% per annum of the Net Asset Value of the Company, subject to a minimum annual charge of £20,000.</p> <p><i>Administrator and secretary</i></p> <p>Capita Sinclair Henderson Limited has been appointed as administrator and company secretary. For its services, the Administrator is entitled to an annual fee, which is approximately £105,000.</p> <p>The fees referred to above are all expressed exclusive of VAT.</p>
B.41.	Regulatory status of Investment Manager, manager and custodian	<p>The Investment Manager is authorised and regulated by the Financial Conduct Authority and as such is subject to its rules in the conduct of its investment business.</p> <p>The Depositary is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority.</p>

B.42.	Calculation and publication of Net Asset Value	The unaudited Net Asset Value per Share is calculated in sterling by the Administrator on a daily basis. Such calculations are notified daily through a Regulatory Information Service and are available through the Company's website at http://www.strategiequitycapital.com/secapital/en/news/regnews .																						
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 within this document. Please see the key financial information at B.7.																						
B.45.	Portfolio	<p>As at the Latest Practicable Date, the Company's portfolio comprised 19 listed equity investments, 1 unquoted investment and 4 money market funds.</p> <p>As at the Latest Practicable Date, the Company's top 10 investments, representing approximately 78% of the Net Asset Value were as follows:</p> <table border="1"> <thead> <tr> <th><i> Holding </i></th> <th><i> % of NAV </i></th> </tr> </thead> <tbody> <tr> <td>Servelec Group plc</td> <td>10.67</td> </tr> <tr> <td>E2V Technologies plc</td> <td>9.97</td> </tr> <tr> <td>Wilmington Group plc</td> <td>8.56</td> </tr> <tr> <td>Clinigen Group plc</td> <td>8.18</td> </tr> <tr> <td>EMIS Group plc</td> <td>7.83</td> </tr> <tr> <td>Tyman plc</td> <td>7.23</td> </tr> <tr> <td>4Imprint Group plc</td> <td>6.89</td> </tr> <tr> <td>Gooch & Housego plc</td> <td>6.46</td> </tr> <tr> <td>Goals Soccer Centre plc</td> <td>6.33</td> </tr> <tr> <td>Tribal Group plc</td> <td>5.79</td> </tr> </tbody> </table>	<i> Holding </i>	<i> % of NAV </i>	Servelec Group plc	10.67	E2V Technologies plc	9.97	Wilmington Group plc	8.56	Clinigen Group plc	8.18	EMIS Group plc	7.83	Tyman plc	7.23	4Imprint Group plc	6.89	Gooch & Housego plc	6.46	Goals Soccer Centre plc	6.33	Tribal Group plc	5.79
<i> Holding </i>	<i> % of NAV </i>																							
Servelec Group plc	10.67																							
E2V Technologies plc	9.97																							
Wilmington Group plc	8.56																							
Clinigen Group plc	8.18																							
EMIS Group plc	7.83																							
Tyman plc	7.23																							
4Imprint Group plc	6.89																							
Gooch & Housego plc	6.46																							
Goals Soccer Centre plc	6.33																							
Tribal Group plc	5.79																							
B.46.	Net Asset Value	As at the Latest Practicable Date, the Net Asset Value per Share was 219.29 pence.																						

Section C – Securities

Element	Disclosure Requirement	Disclosure
C.1.	Type and class of securities	<p>The Company may issue up to 20 million Shares pursuant to the Share Issuance Programme.</p> <p>The Shares are ordinary shares with a nominal value of 10 pence each.</p> <p>The ISIN of the Shares is GB00B0BDCB21. The SEDOL of the Shares is B0BDCB2. The ticker for the Company is SEC.</p>
C.2.	Currency denomination of Shares	Sterling.
C.3.	Details of Share capital	The issued share capital of the Company as at the date of this document is 62,583,891 Shares of 10 pence each. The Shares are fully paid up. No Shares are held in treasury.

C.4.	Rights attaching to the Shares	<p>The holders of the Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the Shares that they hold.</p> <p>On a winding-up or a return of capital by the Company, the holders of Shares shall be entitled to all of the Company's surplus net assets.</p> <p>The Shares carry the right to receive notice of, attend and vote at general meetings of the Company.</p>
C.5.	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Shares, subject to applicable securities laws.
C.6.	Admission	Application will be made to the UK Listing Authority and the London Stock Exchange for all of the Shares that are issued pursuant to the Share Issuance Programme 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. No application will be made for the Shares to be listed or dealt in on any other stock exchange or investment exchange.
C.7.	Dividend policy	<p>The Company's investment objective is one of capital growth and it is anticipated that returns for Shareholders will derive primarily from capital gains.</p> <p>However, in order to continue to qualify as an investment trust, broadly no more than 15% of the income which the Company derives from its investments can be retained in respect of each accounting period. As such, the Company may declare a dividend from time to time.</p>

Section D – Risks

Element	Disclosure Requirement	Disclosure
D.1.	Key information on the key risks that are specific to the Company	<ul style="list-style-type: none"> ● There can be no guarantee that the investment objective of the Company will be achieved. ● The Company has no employees and is reliant on the performance of third party service providers. ● The departure of some or all of the Investment Manager's investment professionals, in particular, Stuart Widdowson or Jeff Harris, could hinder the Company from achieving its investment objective. ● The Company's portfolio is focused towards small and mid-sized companies. These companies may involve a higher degree of risk than larger sized companies. ● The Company may invest up to 20% of its gross assets in companies that are not listed or admitted to trading upon any recognised stock exchange. These investments may be illiquid and difficult to realise and more volatile than investments in larger, longer-established businesses. ● The majority of the Company's portfolio is invested in 10 to 15 companies. As a result the portfolio carries a higher degree of stock-specific risk than a more diversified portfolio. ● As the Company's investment objective is to achieve absolute returns rather than returns relative to a particular index or benchmark over a medium term period, the portfolio is managed without comparison to any stock market index. As a result, the Company's performance will not correlate with such indices.

		<ul style="list-style-type: none"> The Company may invest up to 20% of its gross assets in companies listed or traded on recognised stock exchanges other than the London Stock Exchange. In any instances where the Company does not hedge its currency exposure, the movement of exchange rates between sterling and any other currencies in which the Company's investments are denominated may have a material effect, unfavourable as well as favourable, on the return otherwise experienced on such investments made by the Company.
D.3.	Key information on the key risks that are specific to the Shares	<ul style="list-style-type: none"> The value of the Shares and the income derived from those Shares (if any) can fluctuate and may go down as well as up. The market price of the 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. The market value of a Share may vary considerably from its NAV.

Section E – Offer

Element	Disclosure Requirement	Disclosure
E.1.	Proceeds and expenses of the Share Issuance Programme	<p>The net proceeds of the Share Issuance Programme are dependent on the number of Shares issued and the relevant Issue Price(s). If the Share Issuance Programme is fully utilised and assuming the Shares are issued at a price of 232.5 pence (being the mid-market closing price per Share as at the Latest Practicable Date) during the life of the Share Issuance Programme, the gross proceeds of the Share Issuance Programme would be approximately £46.5 million.</p> <p>The Company is bearing fixed costs of approximately £165,000 in relation to the establishment of the Share Issuance Programme and the publication of this document which will be pro rated across the number of Shares available under the Share Issuance Programme. These fixed costs represent approximately 0.12% of the Company's NAV as at the Latest Practicable Date.</p>
E.2.a.	Reasons for the Share Issuance Programme and use of proceeds	<p>The Directors believe that the Share Issuance Programme should yield the following principal benefits:</p> <ul style="list-style-type: none"> raise additional monies in a timely manner to enable the Company to take advantage of opportunities to make further investments in accordance with the Company's investment policy; improve liquidity in the market for the Shares which should make the Shares more attractive to a wider range of investors; maintain the Company's ability to issue new Shares tactically, so as to manage better the premium to Net Asset Value per Share at which the Shares may trade; and grow the Company, thereby spreading fixed costs over a larger capital base which should reduce the level of ongoing expenses per Share. <p>The net proceeds of the Share Issuance Programme, after providing for the costs of each issue, will be used to purchase investments sourced by the Investment Manager in line with the Company's investment policy.</p>

E.3.	Terms and conditions of the Share Issuance Programme	<p>Each allotment and issue of Shares pursuant to the Share Issuance Programme is conditional on:</p> <ul style="list-style-type: none"> ● the Issue Price being not less than the aggregate of the Net Asset Value per Share and a premium to cover the commissions and <i>pro rata</i> expenses of the issue of new Shares under the Share Issuance Programme; ● the Company having a share issuance agreement or equivalent arrangement in place at the time of such issue; and ● Admission of those Shares. <p>In circumstances in which these conditions are not fully met, the relevant issue of Shares pursuant to the Share Issuance Programme will not take place.</p>
E.4.	Material interests	Not applicable. There are no interests that are material to the Share Issuance Programme and no conflicting interests.
E.5.	Name of person selling securities	Not applicable. No person or entity is offering to sell Shares as part of the Share Issuance Programme and no lock-up agreements are being entered into in connection with the Share Issuance Programme.
E.6.	Dilution	<p>If 20 million Shares (being the maximum number of Shares available under the Share Issuance Programme) were to be issued pursuant to the Share Issuance Programme, there would be a dilution of approximately 24.2% in the voting control of those existing Shareholders who do not participate in any Issue.</p> <p>As no Shares will be issued under the Share Issuance Programme at a price which is less than the aggregate of the Net Asset Value per Share and a premium to cover the commissions and expenses of the issue of new Shares under the Share Issuance Programme, there will be no dilution in the Net Asset Value per Share as a result of the issue of Shares under the Share Issuance Programme.</p>
E.7.	Estimated expenses charged to the investor by the Company	Subject to the requirements of the Listing Rules, the price at which the new Shares will be issued will be calculated by reference to the estimated prevailing Net Asset Value of the existing Shares together with a premium which will cover the commissions and <i>pro rata</i> expenses of the issue of new Shares under the Share Issuance Programme. The investor will be indirectly charged in this manner. No additional expenses will be charged to the investor.

RISK FACTORS

An 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.

The Directors believe that the risks described below are the material risks relating to the Company and the 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 Shares. Potential investors should review this document carefully and in its entirety and consult with their professional advisers.

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.

Risks relating to the Company and its investment strategy

The Company may not meet its investment objective

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

The effects of market fluctuations may affect the Company's business, operating results or financial condition

These are factors which are outside the Company's control which may affect the volatility of underlying asset values and the liquidity and the value of the Company's portfolio. Changes in economic conditions (including, for example, interest rates, foreign exchange rates and rates of inflation), industry conditions, competition, changes in the law, political and diplomatic events and trends, tax laws and other factors can substantially affect the value, adversely or positively, of investments made by the Company and, therefore, the Company's performance and prospects, in addition to the value of the Shares.

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 Investment Manager, the Administrator 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 the Company and of other investments managed by the Investment Manager or its investment professionals cannot be relied upon as an indicator of the future performance of the Company. Investor returns will be dependent upon the Company successfully pursuing its investment policy. The success of the Company will depend *inter alia* on the Investment 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 Investment 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 Investment 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.

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 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 Company's portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the 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, variations in and the timing of the recognition of realised and unrealised gains or losses, 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 Shares and cause the Company's results for a particular period not to be indicative of its performance in a future period.

The Company may be exposed to risks associated with borrowings

The Company's Articles of Association permit borrowings of up to 25% of the net asset value at the time the borrowings are incurred. While the use of borrowings should enhance the total return on the 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 Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per 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 a Share). Any reduction in the number of 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.

Risks relating to the Investment Manager

The departure of some or all of the Investment Manager's investment professionals could hinder the Company from achieving its investment objective

The Company depends on the diligence, skill, judgment and business contacts of the Investment Manager's investment professionals, in particular Stuart Widdowson and Jeff Harris, 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 Investment Manager, and the Investment Manager's ability to strategically recruit, retain and motivate new talented personnel. However, the Investment Manager might not be successful in its efforts to recruit, retain and motivate the required 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 Investment Manager if the Investment Manager resigned

Under the terms of the Investment Management Agreement, the Investment Manager may resign by giving the Company not less than 12 months' written notice. The Investment Manager shall, from the date such notice takes effect, cease to make investment decisions on behalf of the Company. The Directors would, in these circumstances, have to find a replacement investment 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 might include its merger with another investment company, reconstruction or winding-up.

The Investment 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 objective

The Investment Manager is not required to commit all of its resources to the Company's affairs. Insofar as the Investment Manager devotes resources to its responsibilities to other business interests, its ability to devote resources and attention to the Company's affairs will be limited. In particular, the Investment Manager's strategy is limited and, to the extent that the Investment Manager chooses to allocate investment opportunities to other clients, this could adversely affect the Company's ability to achieve its investment objective, which could have a material adverse effect on the Company's profitability, Net Asset Value and Share price.

The Investment Manager and its respective 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 their respective activities on behalf of the Company

The Investment 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 Investment 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 Investment 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 Investment Manager and its affiliates also provide management services to other clients, including other collective investment vehicles. The Investment 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 in respect of, or investments recommended or bought for, the Company, even though their investment policies may be the same or similar.

Risks relating to the Company's portfolio

Nature of investee companies

The Company's portfolio is focused towards small and mid-sized companies. These companies may involve a higher degree of risk than larger sized companies. In addition, the Company may invest up to 20% of its gross assets in companies that are not listed or admitted to trading upon any recognised stock exchange. Such investments, by their nature, involve a higher degree of risk than investments in publicly traded securities. Unlisted securities may be less liquid than publicly traded securities and such investments may therefore be more difficult to realise. Unquoted securities, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed and quoted securities. The illiquidity of such investments may make it difficult for the Company to sell them if the need arises and may result in the Company realising significantly less than the value at which it had previously recorded such investments.

Concentrated portfolio

The majority of the Company's portfolio is invested in 10 to 15 companies. As a result, the portfolio carries a higher degree of stock-specific risk than a more diversified portfolio. If the value of even one investment were to decline materially, this would have an adverse effect on the Company's NAV.

Capacity of the Investment Manager's strategy

The Company's investment focus is investing the majority of the portfolio in UK quoted companies too small for inclusion in the FTSE 250 Index using private equity investment techniques. In particular, the Investment Manager has a highly focussed investment strategy which results in low portfolio turnover and a limited number of new investments are made in any year. This focussed investment strategy in smaller companies has limited capacity and, to the extent that the Investment Manager is unable to identify suitable investments for acquisition, this may have an adverse effect on the Company's performance and Share price.

No benchmark

As the Company's objective is to achieve absolute returns rather than returns relative to a particular index or benchmark over a medium term period, the portfolio is managed without

comparison to any stock market index. As a result, the Company's performance will not correlate with such indices.

Foreign exchange rate risk

The Company may invest up to 20% of its gross assets in companies listed or traded on recognised stock exchanges other than the London Stock Exchange. In any instances where the Company does not hedge its currency exposure, the movement of exchange rates between sterling and any other currencies in which the Company's investments are denominated may have a material effect, unfavourable as well as favourable, on the return otherwise experienced on the investments made by the Company. Although the Investment Manager will seek to manage any foreign exchange exposure in relation to the Company, there is no assurance that this can be performed effectively. Currency hedging may force the Investment Manager to realise underlying investments as well as affecting the overall value of the portfolio and the Net Asset Value per Share.

Movements in the foreign exchange rate between sterling and the currency applicable to a particular Shareholder may have an impact upon that Shareholder's returns in its own currency of account.

Charges against capital

The Company's current accounting policy is to charge its operational costs to revenue, with the exception of any performance fee, as well as any costs incurred in relation to the tender offer process, which will be charged wholly to capital. In the event of the Company making a revenue loss or becoming liable to a performance fee, it may need to liquidate some of its investments to pay operational costs or the performance fee or both.

Exchange controls and withholding tax

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

Geographical and sectoral diversification

The Company is not constrained from weighting to any geographical location. This may lead to the Company having significant exposure to portfolio companies from certain geographical areas or business sectors from time to time. Greater concentration of investments in any one geographical location or sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to Shareholders.

Cash

A proportion of the Company's portfolio may be held in cash, depending on the Investment Manager's view on the market, from time to time. This proportion of the Company's assets will not be invested in the market and will not benefit from positive stock market movements. Although the Company's performance is measured in sterling, a proportion of the Company's assets may be either denominated in other currencies or be in investments with currency exposure.

Interest rates

The costs associated with any leverage used by the Company are likely to increase when interest rates rise. Interest rate movements may affect the level of income receivable on cash deposits and interest payable on the Company's variable rate cash borrowings.

Risks relating to taxation

Investment trust status

It is the intention of the Directors 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 a non-close company, which is a requirement to obtain

and maintain status as an investment trust, as the 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

Changes in tax legislation or practice, whether in the United Kingdom or in jurisdictions in which the Company invests, could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, and affect the tax treatment for Shareholders of their investments in the Company (including rates of tax and availability of reliefs).

Risks relating to the Shares

Shares may trade at a discount or premium to NAV

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 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 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 a 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 Shares

The price at which the Shares are 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 Shares. The market price of the Shares may not reflect their underlying Net Asset Value.

While the Directors retain the right to effect repurchases of 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 so to act. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Shares in the market. There can be no guarantee that a liquid market in the Shares will develop or that the 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.

Risks relating to the Share Issuance Programme

The issue of Shares pursuant to the Share Issuance Programme may dilute existing Shareholders

The issue of Shares pursuant to the Share Issuance Programme will dilute the voting rights of the holders of Shares to the extent that such holders do not participate in any Issue for a percentage amount equal to their existing shareholding. This, or the possibility of the issue of Shares pursuant to the Share Issuance Programme, may cause the market price of existing Shares to decline, although it is intended that Shares will always be issued at prices greater than the aggregate of the prevailing Net Asset Value per Share and a premium to cover the commissions and *pro rata* expenses of the issue of new Shares under the Share Issuance Programme and should therefore be accretive to the Net Asset Value per Share.

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 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.

Prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment, or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or disposal of Shares which they might encounter; and (c) the tax consequences of the purchase, holding, transfer or disposal of Shares. Prospective investors 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.

The new Shares are being offered and issued outside the United States in reliance on Regulation S. The Shares have not been nor will be registered under 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. In addition, the Company has not registered and will not register under the US Investment Company Act. The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the issue of Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and the re-offer or resale of any of the Shares in the United States may constitute a violation of US law.

Each applicant for Shares will be required to certify that, among other things, the offer of Shares was made to it, and at the time its buy order was originated, it was located outside the United States and that it is not a US Person (within the meaning of Regulation S).

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 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 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 the Placing Agent 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 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 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 Shares to be offered so as to enable an

investor to decide to purchase or subscribe for 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 Shares or an invitation to purchase or subscribe for any Shares in any Member State in which such offer or invitation would be unlawful.

No steps have been taken to enable the Shares to be marketed under the AIFMD in any EEA Member State other than the United Kingdom.

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, prospective investors 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 4 of Part IV of this document.

EXPECTED TIMETABLE OF KEY EVENTS

Share Issuance Programme opens	3 August 2015
Earliest date for new Shares to be issued pursuant to the Share Issuance Programme	3 August 2015
Admission and crediting of CREST accounts in respect of each Issue	As soon as practicable on each day on which new Shares are issued
Share certificates in respect of Shares despatched (if applicable)	Approximately one week following the Admission of any new Shares issued pursuant to the Share Issuance Programme
Share Issuance Programme closes and last date for new Shares to be issued pursuant to the Share Issuance Programme	2 August 2016*

*or such earlier date on which the authority to issue Shares pursuant to the Share Issuance Programme is fully utilised.

ISSUE STATISTICS

Maximum size of the Share Issuance Programme	20 million Shares
Issue Price	Not less than the Net Asset Value per Share at the time of allotment and a premium to cover the commissions and <i>pro rata</i> expenses of the issue of new Shares under the Share Issuance Programme

DEALING CODES

The dealing codes for the Shares are as follows:

ISIN	GB00B0BDCB21
SEDOL	B0BDCB2
Ticker	SEC
AIC Sector	UK Smaller Companies

DIRECTORS, MANAGEMENT AND ADVISERS

Directors	Richard Hills (<i>Non-Executive Chairman</i>)* Sir Clive Thompson (<i>Non-Executive Director and Deputy Chairman</i>) Ian Dighé (<i>Non-Executive Director</i>)* Josephine Dixon (<i>Non-Executive Director</i>)* Richard Locke (<i>Non-Executive Director</i>)* all of the registered office below * independent
Investment Manager and AIFM	GVQ Investment Management Limited 12-13 St. James's Place London SW1A 1NX United Kingdom Tel: +44 (0) 20 3824 4500
Administrator, secretary and registered office	Capita Sinclair Henderson Limited Beaufort House 51 New North Road Exeter EX4 4EP United Kingdom Tel: +44 (0) 1392 412122
Sponsor and Broker	Canaccord Genuity Limited 88 Wood Street London EC2V 7QR United Kingdom
Legal Adviser to the Company	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH United Kingdom
Depository	Northern Trust Global Services Limited 50 Bank Street Canary Wharf London E14 6NT United Kingdom
Custodian	The Northern Trust Company 50 Bank Street Canary Wharf London E14 6NT United Kingdom
Auditors and Reporting Accountant	Ernst & Young LLP 1 More London Place London SE1 2AF United Kingdom
Registrar and transfer office	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE United Kingdom Tel: 0870 707 1285

PART I

INFORMATION ON THE COMPANY

Introduction

The Company is a closed-ended investment company incorporated in England and Wales on 10 May 2005. The Company carries on business as an investment trust within the meaning of Chapter 4 of Part 24 of the Corporation Tax Act 2010. The Shares are admitted to the premium segment of the Official List of the UK Listing Authority and are traded on the London Stock Exchange's main market for listed securities.

As at the Latest Practicable Date, the Company had unaudited net assets (including current period revenue) of approximately £137.24 million (219.29 pence per Share) and a market capitalisation of approximately £145.5 million, representing a premium to the NAV of 6.02% (based on the closing mid-market price of the Shares at the Latest Practicable Date). Since December 2014, the Shares have generally traded at a premium to their Net Asset Value.

The Company has appointed GVQ Investment Management Limited to act as Investment Manager in respect of the Company. The Investment Manager is authorised and regulated by the Financial Conduct Authority.

Investment objective and policy

Investment objective

The investment objective of the Company is to achieve absolute returns (i.e. growth in the value of investments) rather than relative returns (i.e. attempting to out-perform selected indices) over a medium term period, principally through capital growth.

Investment policy

The Company invests primarily in equity and equity-linked securities quoted on markets operated by the London Stock Exchange where the Investment Manager believes the securities are undervalued and could benefit from strategic, operational or management initiatives. The Company also has the flexibility to invest up to 20% of the Company's gross assets at the time of investment in securities quoted on other recognised exchanges.

The Company may invest up to 20% of its gross assets at the time of investment in unquoted securities, provided that, for the purpose of calculating this limit, any undrawn commitments which may still be called shall be deemed to be an unquoted security.

The maximum investment in any single investee company will be no more than 15% of the Company's investments at the time of investment.

The Company will not invest more than 10%, in aggregate, of the value of its total assets at the time the investment is made in other listed closed-end investment funds.

Other than as set out above, there are no specific restrictions on concentration and diversification. The Board does expect the portfolio to be relatively concentrated, with the majority of the value of investments typically concentrated in the securities of 10 to 15 issuers across a range of industries. There is also no specific restriction on the market capitalisation of issues into which the Company will invest, although it is expected that the majority of the investments by value will be invested in companies too small to be considered for inclusion in the FTSE 250 Index.

The Company's Articles of Association permit the Board to take on borrowings of up to 25% of the net asset value at the time the borrowings are incurred for investment purposes.

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

Investment approach

The Investment Manager focuses on investing predominantly in UK quoted companies using private equity investment techniques. The investment funds that the Investment Manager manages, of which the Company is one, have concentrated portfolios due to the rigorous investment selection criteria and are unconstrained. The Investment Manager believes that highly active stock selection is a key determinant of investment performance. The majority of the Company's portfolio comprises UK quoted companies too small for inclusion in the FTSE 250 Index. The Investment Manager

believes that this universe of companies is relatively under-researched by both sell-side and buy-side analysts, leading to pricing anomalies.

The Investment Manager also believes that the closed-end fund structure of the Company allows it to take a genuinely long term approach in investing in less liquid quoted smaller companies with its concentrated portfolio. The Investment Manager believes that this approach would not be possible if the portfolio was managed through an open-ended fund structure, which would be subject to daily inflows and outflows of client capital.

Investment process and focus

Similar to private equity investors, the Investment Manager identifies new investment opportunities through a variety of methods, including (but not limited to): quantitative screening suggestions and recommendations from the Investment Manager's network of contacts (including Shareholders in the Company) alongside introductions from corporate brokers, as opposed to equity sales contacts. Relationships with corporate brokers are particularly important as the Investment Manager has deployed considerable capital into investments via secondary fundraisings (placings and rights issues) as well as on initial public offering. Given the time taken for the Investment Manager to complete its due diligence and appraisal process, it is important to maintain good relationships with corporate brokers to ensure that it receives good notice of forthcoming investment opportunities.

The Investment Manager tends to deploy capital in different ways at different points in the cycle. The Investment Manager takes note of the environment for interest rates as well as the broader economic environment and will be careful not to invest in highly geared companies which could become distressed. At the bottom of the cycle, the Investment Manager seeks to participate in equity fundraisings to support balance sheet repairs of good companies. These investment opportunities can generate significant returns over the following few years. The Investment Manager believes that transitioning the Company's portfolio to what it perceives to be higher quality, lower momentum stocks from the mid-point in the cycle onwards can lead to periods of short term underperformance. However, given the limited liquidity of some of the underlying investee companies, the Investment Manager aims to ensure that the portfolio is invested in what it perceives to be higher quality companies with strong balance sheets, valued reasonably as the cycle turns. The Investment Manager believes that this approach has the potential to deliver attractive returns over the long term.

The Investment Manager's proprietary research and analysis process enables it to take advantage of any pricing anomalies in the market. The highly selective, unconstrained investment style and low portfolio turnover enable the Investment Manager to spend considerable time and resource evaluating every investment both before and during its period of investment. The Investment Manager believes that this leads to a much greater knowledge and understanding which helps to make better investment decisions. There is a particular emphasis placed on cash flow analysis, balance sheet structure and identifying the prevailing trends in mergers and acquisitions. There is no specific style focus.

The outcome of this evaluation process is to set a target price for a target investee company at a point in time typically three years in the future. The difference between this target price and the prevailing share price is used to calculate an internal rate of return ("IRR") on potential capital return, to which the running dividend yield is added. All investments' potential IRRs are compared with an overall IRR target for the Company's portfolio. These target prices, as well as the qualitative investment thesis, are reviewed during the period of ownership.

The investment philosophy of the Company has not changed since launch. However, as a result of changes in the Investment Manager's team, there were several changes made to the process from June 2009. These changes included increasing the quality of potential investee companies, against a newly defined framework, and an expanded list of risk factors that excludes companies from potential inclusion in the Company's portfolio.

The Investment Manager uses qualitative and quantitative criteria to determine its view on the quality of a potential or existing investee company. From a qualitative perspective, the process seeks out companies which are niche market leaders with high barriers to entry and which have sustainable business models/franchises. These companies will have the ability to pass on price increases and also tend to have intellectual property. The Investment Manager seeks to avoid investing in distressed or turnaround companies, or "Blue Sky"/speculative growth stocks on very high valuations. On the quantitative side, the Investment Manager seeks out companies which tend

to have high and/or improving return on capital employed (“**ROCE**”) with strong cash conversion. These companies ideally also display characteristics including recurring revenues/profits/cash flow and currently achieving or having the potential to achieve double digit operating profit margins. The Investment Manager looks for investment opportunities in companies where there are all four drivers of capital growth: earnings growth, re-rating, corporate activity and de-gearing. The Investment Manager believes that demanding all four drivers of capital growth from each investment gives more balanced returns and reduces the quantum of loss on unsuccessful investments.

The Investment Manager has also created an extensive “Black List” as part of the investment process which screens out companies with fundamental business risks such as inherently low margins, which are in structurally declining markets and which have an excessive reliance on a single product, customer, supplier or distributor. The Investment Manager also seeks to avoid investing in companies where the primary driver of profitability cannot be influenced by management (e.g. resources) and companies with poor accounting systems or controls. It also avoids investing in companies with what it perceives to be large contingent liabilities (e.g. defined benefit pension deficits), which make the company less attractive to a financial or trade acquirer.

The standards of corporate governance of potential investee companies are also a key investment consideration and there is a focus to avoid companies with a controlling shareholder with misaligned interests, together with stakeholders unwilling to engage constructively.

The Investment Manager also engages with smaller portfolio companies to augment stock selection, to both enhance and, where necessary, protect value. Engagement topics include, but are not limited to, investor relations strategies, corporate strategies, operational performance and external benchmarking, financial and balance sheet strength, succession planning and corporate governance. This engagement is usually undertaken in private.

The Investment Manager utilises an industry advisory panel, of which Sir Clive Thompson is a member, with a broad range of industrial experience to make informed investment decisions.

The Industry Advisory Panel (IAP) and the Investment Manager meet formally at least nine times per year. Prior to each meeting, the Investment Manager sends the IAP members an information pack, consisting of publicly available information, relating to one or two potential investee companies. At each meeting the Investment Manager solicits comment and stimulates debate among the IAP members on subjects including: the dynamics of the industry, the quality of the business, the clarity of the strategy, the medium to long term trading outlook, the extent to which operational improvements have the potential to drive higher returns, and the likelihood of the company to attract interest from trade buyers or private equity investors. In addition, the IAP members offer opinions on the quality of financial reporting, remuneration policies and corporate governance structures. In order to further deepen the Investment Manager’s commercial insight, individual IAP members with particular sector expertise may periodically attend, accompanied by the Investment Manager, site visits at potential or existing investee companies.

The IAP does not act as an investment committee and does not have any direct input into investment decisions. The IAP provides high quality commercial insight which (in conjunction with other information) enables the Investment Manager to make more informed investment decisions.

In addition, the Investment Manager draws upon its network of private equity practitioners and external consultants with whom it has developed strong relationships.

Investment portfolio

As at the Latest Practicable Date, the Company’s portfolio comprised 19 listed equity investments, 1 unquoted investment and 4 money market funds.

As at the Latest Practicable Date, the Company's top 10 investments, representing approximately 78% of the Net Asset Value were as follows:

<i> Holding </i>	<i> % of NAV </i>
Servelec Group plc	10.67
E2V Technologies plc	9.97
Wilmington Group plc	8.56
Clinigen Group plc	8.18
EMIS Group plc	7.83
Tyman plc	7.23
4Imprint Group plc	6.89
Gooch & Housego plc	6.46
Goals Soccer Centre plc	6.33
Tribal Group plc	5.79

As at the Latest Practicable Date, the Company's Net Asset Value by sector split was as follows:

<i> Classification </i>	<i> % of NAV </i>
Software & Computer Services	20.15
Electronics & Electricals	16.82
Media	15.45
Net cash	9.03
Financial Services	8.54
Pharmaceuticals & Biotechnology	8.18
Construction and Materials	7.60
Travel & Leisure	6.33
Support Service	6.25
Unquoted investments	1.05
Industrial & Engineering	0.60
Total	100.00

Source: unaudited management accounts.

The Investment Manager has tended to invest in six core sectors: software and computer services, industrials, support services, media, consumer services and healthcare. Companies in these sectors tend to pass more readily through the Investment Manager's investment process due to their qualitative and quantitative characteristics, and the number of companies in these sectors in the target market capitalisation range. The Investment Manager aims to restrict sub-sector exposure to 20% of gross assets. Sub-sectors may fall within a larger sector, for example, the Investment Manager determines healthcare software to be a different sub-sector to education software.

The Investment Manager rarely makes investments in property, as the risk adjusted returns are insufficient. Investments are not made in the resources sector as the primary driver of shareholder value used in its analysis is difficult to predict (e.g. commodity prices).

As at the Latest Practicable Date, the Company's Net Asset Value by size (market capitalisation) was invested as follows:

<i> Market capitalisation </i>	<i> % of NAV </i>
£100m – £300m	46.34
Greater than £500m	23.24
£300m – £500m	18.08
Net cash	9.04
Less than £100m	2.25
Unquoted Investments	1.05
Total	100.0

Source: unaudited management accounts.

The sole private investment is Vintage 1 (“**Vintage**”), a highly diversified private equity fund of funds. The interest in this fund was purchased opportunistically in 2007 from Mizuho Bank. Vintage is invested in 33 limited partnerships and there are 327 underlying portfolio companies. The outstanding commitment to Vintage is £1.1 million; however, its portfolio adviser has communicated that it does not expect to make any further net draw downs. The Investment Manager anticipates that the holding in Vintage 1 will mature in 2022.

As the Company’s investment objective is to achieve absolute returns (i.e. growth of the value of investments principally through capital growth), rather than relative returns (i.e. attempting to outperform selected indices) over a medium term period, it is often not fully invested and may maintain cash balances of more than 10% when seeking new investments. Net cash has averaged 7.41% over the six years to 30 June 2015, with a range of 7.02% to 18.96%, in each case as a percentage of gross assets.

There is no current use of derivatives to hedge the portfolio.

Performance track record

The performance of the Company’s portfolio to 30 June 2015 is shown below:

Category	Period to 30 June 2015		
	12 months (%)	Three years (%)	Five years (%)
SEC NAV Total Return	25.80	117.21	233.05
FTSE Small Cap ex Investment Trusts Total Return	8.40	88.29	119.49
AIM	-2.46	15.38	19.49

Source: Bloomberg, the Investment Manager.

Given the investment approach of the Investment Manager, the unconstrained investment mandate focused on capital growth rather than relative return, and the concentrated and unconstrained nature of the portfolio, the performance of the Company’s NAV can differ significantly from the benchmarks used by the vast majority of other institutional investors in UK quoted smaller companies. One reason for this is that there are a number of sectors which the Company typically avoids such as some financial services (insurance, banking) and resource companies. This is due to the inability of the Investment Manager to conduct sufficient research, as well as the prospects of these companies typically being driven by factors outside of their management teams’ control (e.g. commodity prices). As a result, if these sectors lead the market over a specific time period, it is likely that the Company’s NAV will lag the broader market.

Over the last six years, the Investment Manager has observed that its investment approach can lead to performance lagging relative to the broader market in periods where there are rallies in stocks which it perceives to be very high risk, such as in the final quarter of 2012. Conversely the Company’s performance has been stronger during more difficult markets in 2011 and 2014. In the very short term, the concentrated nature of the portfolio can lead to significant one day moves in the Net Asset Value, either due to positive newsflow including bid approaches for portfolio companies or, alternatively, disappointing newsflow released by an individual portfolio company.

Dividend policy

The Company’s investment objective is one of capital growth and it is anticipated that returns for Shareholders will derive primarily from capital gains.

However, in order to continue to qualify as an investment trust, broadly no more than 15% of the income which the Company derives from its investments can be retained in respect of each accounting period. As such, the Company may declare a dividend from time to time.

Premium/discount management

Discount management

In February 2012, the Board announced that it proposed to provide Shareholders with semi-annual periodic tender offers for up to 4% of the Shares in issue at a tender price equal to the NAV per Share at the time of the relevant tender offer, less a 10% discount. In line with this policy, tender

offers for up to 4% of the Shares in issue have historically been completed in May and November each year since that date, with the most recent tender offer completing in November 2014. When the periodic tenders were introduced, the Board reserved the right not to proceed with any tender offer if, in the six months ending on 31 December or 30 June immediately preceding the relevant May or November, the average discount at which the Shares traded to their underlying NAV was less than 10%. Since 1 January 2015, the Shares have traded at an average premium of 1.5% to the NAV and as at the Latest Practicable Date, traded at a 6.02% premium to NAV. The Board believes that the move to a premium rating in recent months has been driven by a mix of strong ongoing performance, the Company's increased profile among institutional and retail investors, the broadening Shareholder base and also the regular tender offers.

The Directors continue to review the level of the discount (if any) between the middle market price of the Company's Shares and their Net Asset Value on a regular basis and intend to offer Shareholders semi-annual periodic tender offers on the basis set out above if, in the six months ending on 31 December or 30 June in each year, the average discount at which the Shares traded to their underlying NAV is more than 10%.

In addition to the authorities granted to the Directors at the Company's annual general meeting held on 14 November 2014 to implement the semi-annual tender offers, the Directors were also granted authority to make market purchases of up to 14.99% of the Shares in issue at that date. Under the Listing Rules, the maximum price that may currently be paid by the Company on the repurchase of any Shares is 105% of the average of the middle market quotations for the Shares for the five business days immediately preceding the date of repurchase or, if higher, that stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC No 2273/2003). The minimum price will be the nominal value of the Shares. The authority will expire at the annual general meeting of the Company to be held in 2015. The Company has not undertaken any market purchases of its Shares pursuant to this authority to date.

Purchases of Shares will be made within guidelines established from time to time by the Board and may be made only in accordance with the Act, the Listing Rules and the Disclosure and Transparency Rules.

Premium management

In the event that the Shares trade at a premium to Net Asset Value, the Company may issue new Shares. At the annual general meeting of the Company held on 14 November 2014, Shareholders authorised the Directors to issue up to 5,717,600 Shares (representing approximately 10% of the issued share capital of the Company at the date of the notice of the annual general meeting) on a non-pre-emptive basis. The Company is only able to issue a further 200,000 Shares under this authority. At a general meeting of the Company held on 31 July 2015, the Directors were authorised by shareholders to issue a further 20 million Shares on a non-pre-emptive basis, which will enable the implementation of the Share Issuance Programme. In addition, the Company seeks Shareholder authority at each annual general meeting to issue up to 10% of its current issued Share capital on a non-pre-emptive basis and the Company intends to renew this authority at its forthcoming annual general meeting.

Unless authorised by Shareholders, no Shares will be issued at a price less than the prevailing Net Asset Value per Share at the time of the issue unless they are offered *pro rata* to existing Shareholders.

Investors should note that the issuance of new Shares, pursuant to the Share Issuance Programme or otherwise, is entirely at the discretion of the Board and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the proportion of new Shares that may be issued.

Treasury shares

In accordance with the Act, any Shares repurchased pursuant to the authority referred to above may be held in treasury. These Shares may subsequently be cancelled or, if the Company has sufficient authority to sell Shares from treasury on a non-pre-emptive basis, may subsequently be sold for cash. This gives the Company the ability to reissue shares quickly and cost effectively and provide the Company with additional flexibility in the management of its capital.

Life

The Company has been incorporated with an indefinite life but is subject to an annual continuation vote. In the event that any such resolution is not passed, the Directors will be required to bring forward proposals to liquidate, open-end or otherwise reconstruct the Company.

Profile of typical investor

An investment in the Shares is suitable for institutional investors and professionally-advised or financially sophisticated non-advised private investors including retail investors seeking exposure to equity and equity-linked securities, who are capable of evaluating the risks and merits of such an investment and who have sufficient resources to bear any loss which may result from such an investment (which may equal the whole amount invested). Such investors may wish to consult an independent financial adviser who specialises in advising on the Shares and other securities.

Valuation

The unaudited Net Asset Value per Share is calculated in sterling by the Administrator on a daily basis. Such calculations are notified daily through a Regulatory Information Service and are available through the Company's website at:

<http://www.strategicequitycapital.com/secapital/en/news/regnews>.

The Net Asset Value is the value of all assets of the Company less liabilities to creditors (including provisions for such liabilities) determined in accordance with the AIC's valuation guidelines and in accordance with applicable accounting standards or as otherwise determined by the Board.

All investments held by the Company are classified as "fair value through profit or loss". As the Company's business is investing in financial assets with a view to profiting from their total return in the form of interest, dividends or increase in fair value, listed equities, unlisted equities and fixed income securities are designated as fair value through profit or loss on initial recognition. The Company manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy. Investments are initially recognised at cost, being the fair value of the consideration, less any transaction costs payable.

After initial recognition, investments are measured at fair value, with movements in fair value of investments and impairment of investments recognised in the Statement of comprehensive income and allocated to capital.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the valuation date, without adjustment for transaction costs necessary to realise the asset.

In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines. New investments are initially carried at cost, for a limited period, being the price of the most recent investment in the investee company. This is in accordance with IPEVC Guidelines as the cost of recent investments will generally provide a good indication of fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

The making of valuations will only be suspended in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Any suspension in the calculation of the Net Asset Value, to the extent required under the Articles or by the Listing Rules, will be notified through a Regulatory Information Service as soon as practicable after any such suspension occurs.

Report and accounts

Annual accounts of the Company are made up to 30 June in each year and it is expected that copies will be sent to each Shareholder within four months of the Company's financial year end. The Company's financial statements are prepared in accordance with IFRS and reported in sterling.

The Company publishes its unaudited interim report in respect of the period to 31 December each year in accordance with the Disclosure and Transparency Rules.

Taxation

Potential investors are referred to Part V of this document for details of the taxation treatment 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 immediately.**

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 16.

PART II

THE SHARE ISSUANCE PROGRAMME

Introduction

The Company may issue up to 20 million Shares (representing approximately 32.0% of the issued share capital of the Company as at the date of this document) pursuant to the Share Issuance Programme.

The Share Issuance Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Shares over a period of time. The Share Issuance Programme is intended to satisfy market demand for the Shares, manage the premium rating to Net Asset Value and also to raise further money for investment in accordance with the Company's investment policy should the Board determine that market conditions are appropriate. The maximum number of new Shares available under the Share Issuance Programme should not be taken as an indication of the number of Shares finally to be issued.

Background to and reasons for the Share Issuance Programme

During 2007 and 2008, the discount at which the Company's Shares traded widened considerably and, as a result, the Company attracted investors who were more focused on the Company's share rating rather than its investment strategy. With a view to addressing the discount and providing such Shareholders with an opportunity to realise their investments in the Company, the Board introduced semi-annual periodic tender offers for up to 4% of the Shares in issue at a tender price equal to the NAV per Share at the time of the relevant tender offer, less a 10% discount (each a "**Tender Offer**"). The last such Tender Offer was completed in November 2014 and was substantially undersubscribed. In the period from 2010 to November 2014, the Company's share capital has been reduced by approximately 19.7 million Shares through share buyback programmes and Tender Offers.

During the course of 2015, the Shares have generally traded at a premium to their Net Asset Value. The Board believes that the improvement in the rating has been driven by, *inter alia*, the strong investment performance with NAV total return per Share increasing 14.3% over 6 months, 25.8% over 1 year and 117.2% over 3 years (all to 30 June 2015) and the transformation of the Company's Shareholder base, aided both by increased demand from retail and institutional investors and the semi-annual Tender Offers.

To date this year, the Company has issued (or sold from treasury) a total of 5,517,600 Shares, raising gross proceeds of approximately £11.9 million to pursue the Company's investment objectives. The increase in the Company's market capitalisation principally through Share price performance, as well as further issuance, has culminated in the Company being included in the FTSE All-Share Index with effect from 22 June 2015.

The Company announced on 5 June 2015, that it was the Board's intention to seek Shareholder authority to implement a Share Issuance Programme for up to 20 million Shares in order, *inter alia*, to meet ongoing demand and to manage the premium to NAV at which the Shares have generally traded since December 2014. Accordingly, at a general meeting of the Company held on 31 July 2015, in order to enable the Company to implement the Share Issuance Programme, Shareholders granted the Directors authority to allot up to 20 million Shares on a non-pre-emptive basis.

The Board recognises that the Investment Manager's focused investment strategy in smaller companies has limited capacity. Following discussions with the Investment Manager, the Board is satisfied that the Investment Manager's approach will be able to absorb any additional capital raised pursuant to the Share Issuance Programme. In addition, it is envisaged that Shares would be issued over time under the Share Issuance Programme, subject to market conditions, particularly when the Investment Manager has identified suitable investment opportunities in order to minimise cash drag. The Board will continue to monitor the Investment Manager's capacity to invest additional monies and will limit any future issuance to ensure that the Company's investment strategy and performance are not compromised.

Benefits of the Share Issuance Programme

The Directors believe that the Share Issuance Programme offers the following principal benefits:

- additional monies can be raised in a timely manner to enable the Company to take advantage of opportunities to make further investments in accordance with the Company's investment policy;
- liquidity in the market for the Shares should be improved, making the Shares more attractive to a wider range of investors;
- the Company's ability to issue new Shares tactically will be improved, so as to manage better the premium to Net Asset Value per Share at which the Shares may trade; and
- the Company can grow, thereby spreading fixed costs over a larger capital base which should reduce the level of ongoing charges per Share.

The Share Issuance Programme

The Share Issuance Programme will open on 3 August 2015 and will close on 2 August 2016 (or any earlier date on which it is fully subscribed). The maximum number of Shares to be issued pursuant to the Share Issuance Programme is 20 million. Such Shares will, subject to the Company's decision to proceed with an allotment at any given time, be issued at the Issue Price. Shares will be issued at the Net Asset Value per Share at the time of the relevant allotment, together with a premium to cover the costs and expenses of such issue. In accordance with the Listing Rules, the Company will not issue any Shares at a discount of 10% or more to the middle market price of the Shares at the relevant time without Shareholder approval.

The allotment of new Shares under the Share Issuance Programme is at the discretion of the Directors. Allotments may take place at any time prior to the final closing date of 2 August 2016 (or any earlier date on which it is fully subscribed). An announcement of each allotment will be released through an RIS, including details of the number of new Shares allotted and the Issue Price for the allotment. It is anticipated that dealings in the new Shares will commence two Business Days after their allotment. Whilst it is expected that all new Shares allotted pursuant to an Issue will be issued in uncertificated form, if any new Shares are issued in certificated form it is expected that share certificates will be despatched approximately one week following the Admission of those Shares.

There is no minimum subscription.

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

So far as the Directors are aware as at the date of this document, no major shareholders or members of the Company's management, supervisory or administrative bodies intend to make a commitment for Shares under the Share Issuance Programme. In the event that a related party (as defined in the Listing Rules) wished to make a commitment for new Shares under an Issue, the Company would comply with its obligations under Chapter 11 of the Listing Rules including, if required, seeking Shareholder approval for the allotment of Shares to that related party.

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

The Share Issuance Programme will be suspended at any time when the Company is unable to issue new Shares pursuant to the Share Issuance Programme under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Share Issuance Programme may resume when such condition ceases to exist.

Conditions

Each allotment and issue of Shares pursuant to the Share Issuance Programme is conditional on:

- the Issue Price being not less than the aggregate of the Net Asset Value per Share and a premium to cover the commissions and *pro rata* expenses of the issue of new Shares under the Share Issuance Programme;

- the Company having a share issuance agreement or equivalent arrangement in place at the time of such issue; and
- Admission of those Shares.

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

The Issue Price

Subject to the requirements of the Listing Rules, the minimum Issue Price in respect of the allotment of new Shares will not be less than the aggregate of the prevailing Net Asset Value of the existing Shares and a premium which will cover the commissions and *pro rata* expenses of the issue of new Shares under the Share Issuance Programme.

Where new Shares are issued, the total assets of the Company will increase by that number of Shares multiplied by the relevant Issue Price, less brokers' commission and expenses. It is not expected that there will be any material impact on the earnings and Net Asset Value per Share. The net proceeds of the Share Issuance Programme, after providing for the Company's operational expenses, will be used to purchase investments sourced by the investment team in line with the Company's investment policy.

Issued share capital

As at the Latest Practicable Date, the Company's issued share capital was as follows:

Shares in issue	62,583,891
Shares in treasury	0
Total	62,583,891

If 20 million Shares (being the maximum number of Shares available under the Share Issuance Programme) were to be issued pursuant to the Share Issuance Programme, there would be a dilution of approximately 24.2% in the voting control of those existing Shareholders who do not participate in any Issue.

Use of proceeds

The Directors intend to use the net proceeds of the Share Issuance Programme, after providing for the Company's operational expenses, to purchase investments sourced by the Investment Manager in line with the Company's investment policy to pursue the Company's investment objective.

Settlement

Applications will be made for all of the new Shares issued pursuant to the Share Issuance Programme to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange. All allotments of Shares under the Share Issuance Programme will be conditional on Admission. The timing of the applications for Admission and their approval are not known as at the date of this document but no Shares will be issued if they will not be so admitted. No application will be made for the Shares to be listed or dealt in on any stock exchange or investment exchange other than the London Stock Exchange.

Overseas Persons

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of new Shares under the Share Issuance Programme to Overseas Persons may be affected by the laws of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to obtain Shares under the Share Issuance Programme. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for new Shares under the Share Issuance Programme to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Shares are only being offered and only sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person. Investors should additionally consider the provisions set out under the heading Important Notices on pages 17 to 18 of this document.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares under the Share Issuance Programme if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

United States transfer restrictions

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

PART III

DIRECTORS AND MANAGEMENT

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 Investment Manager. All of the Directors are non-executive and, save for Sir Clive Thompson, are independent of the Investment Manager.

The Directors meet at least four times per annum, and the audit committee meets at least twice per annum.

The Directors are as follows:

Richard Hills (Non-executive Director and Chairman)

Richard Hills has substantial investment trust board experience and is currently on the boards of two investment trusts: JPMorgan Income & Capital plc and Henderson Global Trust plc of which he is chairman. He also chairs Aztec Group Ltd, which is one of the largest Channel Islands private equity fund administrators.

Sir Clive Thompson (Non-executive Director and Deputy Chairman)

Sir Clive Thompson served as chairman of Rentokil Initial plc between 2002 and 2004, having been chief executive for 20 years to 2002. He is a former president of the CBI, member of the Committee on Corporate Governance and deputy chairman of the Financial Reporting Council. He is also a former Director of J Sainsbury plc, Wellcome PLC, Seaboard plc, Caradon plc and BAT Industries plc.

Sir Clive Thompson, as a member of the Investment Manager's Industry Advisory Panel, cannot be treated as an independent director for the purposes of the Listing Rules. In accordance with the Listing Rules, he is subject to annual re-election by Shareholders.

Ian Dighé (Non-executive Director)

Ian has over 25 years of direct market experience in the financial services industry and public markets. He was formerly a director of Manchester & Exchange Investment Bank, McLeod Russell Holdings Plc, and as Head of Corporate Finance at Singer & Friedlander Ltd. In 2000, he led the management buyout of Singer & Friedlander Corporate Finance, which laid the foundation of the Bridgewell Group plc, where he remained as deputy chairman until its sale in August 2007.

He formed Matterley in late 2007, a fund management business whose interests were acquired by Charles Stanley Group plc in September 2009. Ian is Chairman of Miton Group plc and a director of various private companies and charitable trusts.

Josephine Dixon (Non-executive Director)

Josephine Dixon has substantial investment trust board experience and is currently a non-executive director and chair of the audit committee of a number of investment trusts including F&C Global Smaller Companies plc, JPMorgan European Investment Trust plc, Standard Life Equity Income Trust plc and Worldwide Healthcare Trust plc, where she is also senior independent director. She is also a non-executive director of Plutus Resources plc. Josephine trained as a chartered accountant and her career has spanned strategic development, finance and commercial management at a number of companies including The Eden Project Cornwall, Serco Group plc and Newcastle United plc and also within the Investment Bank and main group of NatWest.

Richard Locke (Non-executive Director)

Richard Locke has been a Managing Director since 2007 of Fenchurch Advisory Partners, an independent corporate finance advisory firm that specialises in the financial services sector. Previously he was a Partner of Cazenove & Co. and then a Director at its successor firm, JPMorgan Cazenove.

Investment Manager

The Company has entered into an Investment Management Agreement with GVQ Investment Management Limited, a London-based specialist fund manager, pursuant to which the Investment Manager has been appointed as the Company's AIFM and is responsible for the management of the Company's assets.

The Investment Manager was established in 2002 as the public equities division of FTSE 250 listed private equity group, SVG Capital plc. The Investment Manager had approximately £500 million of assets under management as at 30 June 2015. As well as acting as Investment Manager to the Company, it also manages GVQ UK Focus Fund, a Dublin-listed OEIC. The Investment Manager is now a wholly-owned subsidiary of RIT Capital Partners plc, a London listed investment trust which has assets of more than £2 billion and is chaired by Lord Rothschild, whose family interests retain a significant holding. RIT Capital Partners also owns 9,818,227 Shares representing 15.69% of the Company's issued share capital as at the Latest Practicable Date.

The Investment Manager is authorised and regulated by the Financial Conduct Authority.

The individuals employed by the Investment Manager who are responsible for managing the Company's portfolio are as follows:

Stuart Widdowson

Stuart joined the Investment Manager in 2006 and has been the lead manager for the Company's portfolio since June 2009. Prior to joining, he spent five years working at HgCapital, most recently as an Associate Director where he advised on the origination, sourcing and deal execution of private equity opportunities. Previously, Stuart was a strategy consultant advising private equity firms. He has a degree in Business Economics from Exeter University.

Jeff Harris

Jeff joined the Investment Manager in 2012 as an analyst. He was appointed Assistant Manager of both the GVQ UK Focus Fund and the Company in May 2014. Prior to joining, he worked at PricewaterhouseCoopers within the Transaction Services Team on a number of private equity and corporate transactions. Jeff holds the ACA qualification.

Stuart and Jeff also draw on the experience and expertise of other members of the investment team of the Investment Manager. The Investment Manager employs an Industrial Advisory Panel of former corporate directors, who aid the investment team in their due diligence and investment appraisal. Sir Clive Thompson, a non-executive director of the Company, is a member.

Administration of the Company

The Administrator, Capita Sinclair Henderson Limited, undertakes the day to day administration, including the company secretarial function, of the Company. The Administrator is also responsible for the Company's administrative functions such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting and statutory records and company secretarial functions.

Fees and expenses

Expenses of the Share Issuance Programme

The costs and expenses incurred by the Company in connection with the Share Issuance Programme include the commissions payable under the Share Issuance Agreement, listing and admission fees, legal fees and any other applicable expenses.

The net proceeds of the Share Issuance Programme are dependent on the number of Shares issued and the relevant Issue Price(s). The Company is bearing fixed costs of approximately £165,000 (including VAT, where applicable) in relation to the establishment of the Share Issuance Programme (including convening the general meeting held on 31 July 2015) and the publication of this document (the "**Fixed Costs**"). This represents approximately 0.12% of the Company's net assets as at the Latest Practicable Date. A commission payable to the Placing Agent and any other expenses payable upon the issue of new Shares will be recouped through the premium at which the new Shares will be issued under the Share Issuance Programme. The premium will also include an amount to recover the Fixed Costs which will be pro rated across the number of Shares available under the Share Issuance Programme.

Ongoing annual expenses

Ongoing annual expenses include the following:

(i) *Investment Manager*

Basic fee

A basic management fee is payable to the Investment Manager which accrues weekly and is payable quarterly in arrears. The basic fee is the lower of (i) 1.0% of the adjusted NAV of the Company and (ii) 1.0% per annum of the Company's market capitalisation.

Performance fee

In addition, the Investment Manager will be entitled to a performance fee in certain circumstances.

The Company's performance is measured over rolling three-year periods ending on 30 June each year, by comparing the NAV total return per Share over a performance period against the total return performance of the FTSE SmallCap (ex Investment Companies) Index. A performance fee is payable if the NAV total return per Share (calculated before any accrual for any performance fee to be paid in respect of the relevant performance period) at the end of the relevant performance period exceeds both:

- (i) the NAV per Share at the beginning of the relevant performance period as adjusted by the aggregate amount of (a) the total return on the FTSE SmallCap (ex Investment Companies) Index (expressed as a percentage) and (b) 2.0% per annum over the relevant performance period ("**Target NAV per Share**"); and
- (ii) the high watermark (which is the highest NAV per Share by reference to which a performance fee was paid previously).

The Investment Manager will be entitled to 15% of the excess over the higher of the Target NAV per Share and the high watermark. Payment of a performance fee that has been earned will be deferred to the extent that the amount payable exceeds 1.75% per annum of the Company's NAV at the end of the relevant performance period (and amounts deferred will be payable when, and to the extent that, following any later performance period(s) with respect to which a performance fee is payable, it is possible to pay the deferred amounts without causing that cap to be exceeded or the relevant NAV total return per Share to fall below the relevant Target NAV per Share and the relevant high watermark).

Further details of the Investment Management Agreement are set out in paragraph 7.2 of Part VI of this document.

(ii) *Registrar*

Under the terms of the Registrar Agreement, the Registrar is entitled to a fee of £1.35 per holding per annum which is subject to a minimum fee per annum of £1,500.

(iii) *Depositary and custodian*

Under the terms of the Depositary Agreement, the Depositary is entitled to be paid a fee of 0.03% per annum of the Net Asset Value of the Company subject to a minimum annual charge of £50,000. For its custody services, the Depositary is also entitled to be paid a fee of 0.01% per annum of the Net Asset Value of the Company, subject to a minimum annual charge of £20,000.

(iv) *Administrator*

Under the terms of the Administration Agreement, the Administrator is entitled to an annual fee, which is approximately £105,000.

(v) *Directors*

With effect from 1 July 2014, the Directors' fees are as follows: £29,500 per annum for the Chairman; £23,500 per annum for the Chairman of the Audit Committee and £20,500 per annum for each of the other non-executive directors.

The Company does not award any other remuneration or benefits to the Chairman or Directors. The Company has no bonus schemes, pension schemes, share options or long-term incentive schemes in place for the Directors.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. 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 additional services on behalf of the Company.

(vi) *Consultants*

The Board resolved in 2006 to allow the Investment Manager a budget of £150,000 per annum to spend on the use of third party consultants to be engaged in circumstances where additional market research may be required. In respect of the last financial year to 30 June 2014, no fees were paid to such third party consultants.

(vii) *Other operational expenses*

The Company pays all other fees and expenses incurred in the operation of its business including, without limitation, brokerage and other transaction charges, expenses for custodial, registrar, legal, auditing and other professional services, the ongoing costs of maintaining the listing of the Shares, secretarial and administration expenses, any borrowing costs, the cost of Directors' insurance, promotional and marketing expenses and the fees and out-of-pocket expenses of the Directors. For the financial period ended 30 June 2014, these fees and expenses amounted to approximately £285,000 (exclusive of VAT, where applicable). These operational costs were charged in full to the revenue account.

The fees referred to above are expressed exclusive of VAT.

Potential conflicts of interest

Directors

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. He or she must request authorisation from the Board as soon as he or she becomes aware of the possibility of an interest that conflicts or might possibly conflict with the interest of the Company (a "**situational conflict**"). The Articles authorise the Board to approve such situation, where deemed appropriate.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and deciding whether or not the situational conflict should be authorised. The factors to be considered include: whether the situational conflict could prevent the Directors from properly performing his or her duties; whether it has, or could have, any impact on the Company; and whether it could be regarded as likely to affect the judgement and/or actions for the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

The Investment Manager

The Investment Manager may provide investment management and other services to other clients (including investment companies), including clients which may invest in the securities in which the Company invests, and, in providing such services, may use information obtained by the Investment Manager which is used in managing the Company's investments. In the event of a conflict of interest arising, the Investment Manager will take reasonable steps to ensure that it is resolved fairly, in accordance with the FCA Rules. The provisions for conflicts in the Investment Management Agreement accord with the FCA Rules. The FCA Rules require the Investment Manager to manage conflicts of interest fairly both between itself and its customers and between one customer and another. Furthermore, the activities of the Investment Manager, in its capacity as the Company's investment manager, are subject to the overall direction and review of the Directors. Under the terms of the Investment Management Agreement, the Investment Manager may, subject to overriding principles of suitability and best execution as are set out in the FCA Rules, effect transactions for the Company in which the Investment Manager has an interest which may involve a potential conflict of interest with the Investment Manager's duty to the Company. In particular circumstances, in accordance with the FCA Rules, the Investment Manager will notify the Company that a potential conflict of interest or duties may arise.

Where the Investment Manager has two or more clients with the same investment policy and criteria, each investment opportunity meeting that policy and those criteria will be allocated among those clients taking into account their respective commitment capacities, subject to appropriate diversification criteria being met and the ability to make an economically meaningful allocation to each client. In determining the commitment capacities of its clients, the Investment Manager will take into account the aggregate commitments of individual clients, the expected cash flows to and from those clients and the capacity of those clients to borrow funds or raise further capital.

All relevant personnel of the Investment Manager are bound by personal account dealing rules formulated by the Investment Manager in compliance with appropriate regulatory requirements. These rules will also apply to any co-investment vehicle established for employees or members of the Investment Manager's group pursuant to a group investment scheme investing in the same investee company as the Company.

Corporate governance

The Company is committed to high standards of corporate governance. The Board is accountable to Shareholders for good corporate governance.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("**AIC Code**") by reference to the AIC Corporate Governance Guide for Investment Companies ("**AIC Guide**") published in February 2013, both of which can be found on the AIC website at www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code (the "**UK Code**") as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide, will provide better information to Shareholders.

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 in the pre-ambles to the AIC Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company does not report in respect of these provisions.

The Company complies with the AIC Code, except as set out below:

- no formal induction for the Board is deemed necessary due to the wide range of skills and experience of the Directors selected;
- a full portfolio listing is not provided as, in the opinion of the Directors, it is not in the best commercial interests of the Company;
- given the size and nature of the Board, it is not deemed appropriate to appoint a senior independent director; and
- the Board does not believe it is necessary to have a separate nomination committee due to the size and nature of the Company.

The Board has appointed a number of committees to assist in its operations. Each committee's delegated responsibilities are clearly defined in formal terms of reference. Josephine Dixon chairs the Audit Committee and Richard Hills chairs the Management Engagement Committee. Each committee comprises all of the independent Directors of the Company.

Audit committee

An audit committee has been established under the chairmanship of Josephine Dixon who, as a qualified chartered accountant and chair of the audit committee of a number of other investment trusts, has recent and relevant financial experience.

Two audit committee meetings are held over the course of the year. The audit committee provides a forum through which the Company's external auditor reports to the Board. The audit committee has direct access to the Company's auditor and representatives of the Company's auditor attend the year-end audit committee meeting.

The primary responsibilities of the audit committee are: to review the effectiveness of the internal control environment of the Company; to monitor the integrity of the financial statements and accounting policies of the Company; to monitor adherence to best practice in corporate governance; to make recommendations to the Board in relation to the re-appointment of the Company's auditor and to approve its remuneration and terms of engagement; and to review and monitor the auditor's independence and objectivity and the effectiveness of the audit process.

Management engagement committee

The management engagement committee is responsible for reviewing the performance of the Investment Manager and making recommendations to the Board about the continuing appointment of the Investment Manager. The committee also reviews the Company's other service providers and meets once a year.

PART IV

FINANCIAL AND OTHER INFORMATION

1 Statutory accounts for the three financial years ended 30 June 2012, 2013 and 2014

Statutory accounts of the Company for the three financial years ended 30 June 2012, 2013 and 2014, in respect of which the Company's auditors, Ernst & Young LLP, have given unqualified opinions that the accounts give a true and fair view of the state of affairs of the Company and of its total return and cash flows for each of the three financial years ended 30 June 2012, 2013 and 2014 and have been properly prepared in accordance with the Act and IFRS, have been incorporated into this document by reference. Ernst & Young LLP is a member of the Institute of Chartered Accountants in England and Wales.

2 Published annual reports and accounts for the three financial years ended 30 June 2012, 30 June 2013 and 30 June 2014 and the unaudited half-yearly reports for the six months ended 31 December 2013 and 31 December 2014

2.1 Historical financial information

The published annual reports and audited accounts for the Company for the three financial years ended 30 June 2012, 30 June 2013 and 30 June 2014 and the unaudited half-yearly reports for the six months ended 31 December 2013 and 31 December 2014 include, on the pages specified in the table below, the following information which is incorporated by reference into this document. Those parts of the annual reports and audited accounts and half-yearly reports referred to above which are not being incorporated into this document by reference are either not relevant for investors or are covered elsewhere in the document.

<i>Nature of information</i>	<i>Year ended 30 June (audited)</i>			<i>Six months ended 31 December (unaudited)</i>	
	<i>2012 Page No(s)</i>	<i>2013 Page No(s)</i>	<i>2014 Page No(s)</i>	<i>2013 Page No(s)</i>	<i>2014 Page No(s)</i>
Chairman's report	2	2-3	3-5	4-5	4-5
Investment Manager's report	5-12	6-12	6-13	6-14	6-15
Report of the Directors	13-20	15-21	21-24	N/A	N/A
Independent Auditors' report	26	28	36-38	N/A	N/A
Statement of comprehensive income	27	29	39	16	17
Statement of changes in equity	28	30	40	17	18
Balance Sheet	29	31	41	18	19
Statement of cash flows	30	32	42	19	20
Accounting policies	31-33	33-35	43-45	20	21
Notes to the financial statements	31-44	33-46	43-59	20-26	21-27

2.2 Selected financial information

The key figures that summarise the Company's financial condition in respect of the three financial years ended 30 June 2012, 30 June 2013 and 30 June 2014 (all audited) and for the six months ended 31 December 2013 and 31 December 2014 (both unaudited), which have been extracted without material adjustment from the historical financial information referred to in paragraph 2.1 of this Part IV, are set out in the following table:

	<i>As at or for the year ended 30 June (audited)</i>			<i>As at or for six months ended 31 December (unaudited)</i>	
	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2014</i>
Net assets (£'000)	68,639	78,396	103,429	96,487	108,669
Net Asset Value per Share (pence)	101.96	126.36	173.66	162.00	190.43
Total return per share (pence)	(1.18)	25.17	48.61	36.59	16.77
Total income (£'000)	1,921	1,828	1,751	969	1,362
Total expenses	(876)	(2,138)	(1,709)	(658)	(2,488)
Net return before taxation (£'000)	(821)	16,412	29,403	22,461	9,586
Final dividend (pence)	1.50	1.50	0.78	N/A	N/A

2.3 Operating and financial review

The Company's published annual reports and accounts for the three financial years ended 30 June 2012, 30 June 2013 and 30 June 2014 and the six months ended 31 December 2013 and 31 December 2014 included, on the pages specified in the table below: descriptions of the Company's financial condition (in both capital and revenue terms); details of the Company's investment activity and portfolio exposure; and changes in its financial condition for each of those years.

<i>Nature of information</i>	<i>Year ended 30 June (audited)</i>			<i>Six months ended 31 December (unaudited)</i>	
	<i>2012 Page No(s)</i>	<i>2013 Page No(s)</i>	<i>2014 Page No(s)</i>	<i>2013 Page No(s)</i>	<i>2014 Page No(s)</i>
Chairman's report	2	2-3	3-5	4-5	4-5
Investment Manager's report	5-12	6-12	6-13	6-14	6-15
Top 10 Investee Company Review	11-12	13-14	14-15	12-14	13-15
Financial summary	1	1	1	2	2

2.4 Availability of annual reports and accounts for inspection

Copies of the Company's annual reports and audited accounts for the three financial years ended 30 June 2012, 2013 and 2014 (all audited) and for the six months ended 31 December 2013 and 31 December 2014 (both unaudited), are available for inspection at the address set out in paragraph 12 of Part VI of this document and on the Company's website <http://www.strategicequitycapital.com/secapital/en/investors/results>.

3 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 30 June 2015 and the Company's unaudited capitalisation as at 31 December 2014 (being the last date in respect of which the Company has published financial information) and as at 30 June 2015 to update the financial information on account of the issue of 5,517,600 Shares.

	<i>30 June 2015</i> <i>(unaudited)</i> <i>£'000</i>
<i>Total current debt</i>	<u>2,872</u>
Guaranteed	—
Secured	—
Unguaranteed/unsecured	2,872
<i>Total non-current debt</i>	—
Guaranteed	—
Secured	—
Unguaranteed/unsecured	—
	 <i>31 December</i> <i>2014</i> <i>(unaudited)</i> <i>£'000</i>
Shareholder equity ¹	<u>107,748</u>
Share capital	5,717
Other reserves	102,031
	 <i>30 June 2015</i> <i>(unaudited)</i> <i>£'000</i>
Shareholder equity ²	<u>135,141</u>
Share capital	6,258
Other reserves	128,883

The following table shows the Company's unaudited net indebtedness as at 30 June 2015.

	<i>30 June</i> <i>2015</i> <i>(unaudited)</i> <i>£'000</i>
A Cash	<u>366</u>
B Cash equivalent	16,946
C Trading securities	—
D Liquidity (A+B+C)	17,312
E Current financial receivable	363
F Current bank debt	—
G Current portion of non-current debt	—
H Other current financial debt	2,872
I Current financial debt (F+G+H)	2,872
J Net current financial indebtedness (I-E-D)	(14,803)
K Non-current bank loans	—
L Bonds issued	—
M Other non-current loans	—
N Non-current financial indebtedness (K+L+M)	—
O Net financial indebtedness (J+N)	(14,803)

1 Excludes retained earnings

2 Excludes retained earnings

4 Working capital

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

5 No significant change

Since 31 December 2014, the Company has issued (or sold from treasury) a total of 5,517,600 Shares pursuant to its general authorities, raising gross proceeds of approximately £11.9 million which, together with the strong investment performance of the Company's portfolio, has led to a £28.0 million increase in the value of investments held.

Other than as disclosed above, there has been no significant change in the trading or financial position of the Company since 31 December 2014, being the last date to which the Company has published financial information.

6 Related party transactions

Save as disclosed in:

- (a) note 12 on page 27 of the Company's interim report and accounts for the period ended 31 December 2014;
- (b) note 18 on page 59 of the Company's annual report and accounts for the period ended 30 June 2014;
- (c) note 18 on page 46 of the Company's annual report and accounts for the period ended 30 June 2013; and
- (d) note 18 on page 44 of the Company's annual report and accounts for the period ended 30 June 2012,

which are incorporated by reference into this document, there have been no related party transactions entered into by the Company at any time during the period covered by the historical financial information to the Latest Practicable Date.

PART V

TAXATION

UK taxation

The following statements are based upon current UK tax law and what is understood to be the current practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general and non-exhaustive guide and may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Shares by virtue of any office or employment. They apply only to Shareholders who are resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Shares.

All potential investors, and in particular those who are in any doubt about their tax position or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or disposing of Shares under the laws of their country and/or state of citizenship, domicile or residence.

The Company

It is the intention of the Directors to conduct the affairs of the Company so that it continues to satisfy the conditions necessary for it to maintain approval by HMRC as an investment trust. The issue of new Shares pursuant to the Share Issuance Programme will not prejudice the Company's ability to satisfy such conditions. However, none of the Investment 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 taxation on its chargeable gains. The Company will be liable to UK corporation tax on its income in the normal way although, where the income in question is a dividend or other distribution, there are broad-ranging exemptions which should apply in respect of most dividends it receives.

An approved investment trust with "qualifying interest income" may choose to designate corresponding dividends to its shareholders as "interest distributions" and any such dividends would be subject to income tax in the hands of those shareholders as if they had been interest. The Company does not intend to designate any dividend it pays in this manner.

Shareholders

Taxation of dividends

Withholding tax

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

Individuals

In the current tax year (2015/16) a UK resident individual Shareholder who receives a dividend from the Company will be entitled to a notional tax credit and will be liable to income tax on the sum of the tax credit and the dividend received (the "**gross dividend**"), which will be treated as the top slice of the individual's income for UK income tax purposes. The tax credit is equal to 10% of the gross dividend.

A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10% of the gross dividend. This means that the tax credit will satisfy in full such a Shareholder's liability to income tax on the dividend.

In the case of a UK resident individual Shareholder who is liable to income tax at the higher rate (currently 32.5% for dividend income), or the additional rate (currently 37.5% for dividend income), the tax credit will be set against, but will not fully match, the Shareholder's tax liability on the gross dividend.

There will be no repayment of any part of the tax credit to an individual Shareholder whose liability to income tax on all or part of the gross dividend is less than the amount of the tax credit.

The Government has announced its intention to abolish the dividend tax credit from April 2016 and to introduce a new dividend tax allowance of £5,000 a year. New rates of tax on dividend income are proposed: 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

Shareholders which are companies

Shareholders within the charge to UK corporation tax should generally be exempt from UK corporation tax on dividends paid by the Company provided the dividends fall within an exempt class under the distribution exemption regime and certain conditions are met.

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

Disposals of Shares

Shareholders who are resident in the UK (or who, in the case of individuals, are only temporarily non-resident) may, depending on their circumstances (including the availability of exemptions or reliefs), be liable to UK capital gains tax (for individual shareholders) or corporation tax on chargeable gains (for corporate shareholders) in respect of any gain arising from a sale or other disposal of their Shares. For Shareholders within the charge to corporation tax (but not for individuals), indexation allowance may be available to reduce any such gain (but not to create or increase an allowable loss).

Stamp duty and stamp duty reserve tax (“SDRT”)

The following statements are intended as a general guide to the UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services, to whom special rules may apply.

An agreement to transfer Shares will normally give rise to a charge to SDRT at the rate of 0.5% of the amount or value of the consideration given for the transfer. SDRT is, in general, payable by the purchaser.

Instruments transferring Shares will generally be subject to stamp duty at the rate of 0.5% of the consideration given for the transfer (rounded up to the nearest £5, if necessary). The purchaser normally pays the stamp duty. An exemption from stamp duty is available in respect of an instrument transferring Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

If a duly stamped instrument of transfer completing an agreement to transfer Shares is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is generally repayable and otherwise the SDRT charge is cancelled.

Paperless transfers of Shares within the CREST system will generally be subject to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration payable. Such SDRT will generally be collected through the CREST system.

NISAs and SIPPs

Shares should qualify as investments which are eligible for inclusion in a NISA. It should be noted, however, that although Shares acquired by way of purchase in the market should be eligible for inclusion in a NISA, Shares acquired directly through the Share Issuance Programme would not be.

Individuals wishing to invest in Shares through a NISA should contact their professional advisers regarding their eligibility.

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

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, agreements relating to the US Foreign Account Tax Compliance Act (“**FATCA**”). In connection with such international agreements 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 VI

ADDITIONAL INFORMATION

1 The Company and the Investment Manager

- 1.1 The Company was incorporated in England and Wales as a public limited company on 10 May 2005. The Company is registered as an investment company under section 833 of the Act with registered number 05448627. The Company is domiciled in England and Wales and currently has no employees.
- 1.2 The Company is not part of a group and 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 51 New North Road, Exeter EX4 4EP, United Kingdom. The Company's telephone number is +44 (0) 1392 477500.
- 1.4 The existing Shares in the Company are admitted to the premium segment of the Official List of the UK Listing Authority and are traded on the London Stock Exchange's main market for listed securities. The Company is therefore subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules and to the rules of the London 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 conditions that must be met for approval by HMRC as an investment trust, and which must continue to be met for each accounting period in respect of which the Company is approved as an investment trust, are that:
- the Company is not a close company at any time during the accounting period;
 - the Company is resident in the UK throughout the accounting period;
 - each class of the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and
 - the Company must not retain in respect of the accounting period an amount greater than the higher of: (a) 15% of its income for the period; and (b) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher of the amounts mentioned in (a) and (b) above, it may retain an amount equal to the amount of such losses.
- 1.6 The Investment Manager is a private limited company incorporated in England and Wales with registered number 04493500. The Investment Manager is authorised and regulated by the FCA. The address of the registered office of the Investment Manager is 12-13 St. James's Place, London SW1A 1NX, United Kingdom and its telephone number is +44 (0) 20 3824 4500.

2 Share capital

- 2.1 The issued share capital of the Company as at 1 July 2011 was 70,122,203 Shares.
- 2.2 During the financial year ended 30 June 2012, the Company repurchased 2,804,879 Shares for cancellation by way of tender offer.
- 2.3 During the financial year ended 30 June 2013, the Company repurchased 5,277,642 Shares for cancellation by way of tender offer.
- 2.4 During the financial year ended 30 June 2014, the Company repurchased 2,481,571 Shares for cancellation by way of tender offer.
- 2.5 Since 1 July 2014, the Company has repurchased 2,382,098 Shares by way of tender offer which were subsequently cancelled and repurchased a further 109,722 Shares which were held in treasury and subsequently resold. The Company also issued a further 5,407,878 Shares.
- 2.6 As at the date of this document, the issued share capital of the Company is 62,583,891 Shares (all of which are fully paid up).

- 2.7 Assuming the Share Issuance Programme is fully subscribed, the issued share capital of the Company following completion of the Share Issuance Programme will be 82,583,891 Shares.
- 2.8 By ordinary and special resolutions passed on 14 November 2014 at the Company's annual general meeting:
- 2.8.1 the Directors were generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) up to an aggregate nominal amount of £1,905,867 (representing 19,058,670 Shares each with a nominal value of £0.10), which authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company after the passing of such resolution and 14 May 2016 (unless previously revoked or varied by the Company in General Meeting) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;
- 2.8.2 the Directors were empowered, pursuant to Section 570 of the Companies Act 2006, to allot equity securities (within the meaning of Section 560 of the said Act) for cash pursuant to the authority conferred by the resolution referred to in paragraph 2.8.1 above and/or where such allotment constitutes an allotment of equity securities by virtue of Section 573 of the said Act, as if Section 561 of the said Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer or a scrip dividend alternative in favour of Shareholders (excluding any shares held as treasury shares) and in favour of holders (excluding any shares held as treasury shares) of any other class of equity security in accordance with the rights attached to such class where the equity securities respectively attributable to the interests of such persons on a fixed record date are proportionate (as nearly as may be) to the respective numbers of 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 Board may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever); and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities or sale of shares out of treasury up to an aggregate nominal value of £571,760 (representing 5,717,600 Shares each with a nominal value of £0.10),
- and shall expire on the earlier of the conclusion of the next annual general meeting of the Company after the passing of such resolution and 14 May 2016, save that the Company 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 Board may allot or sell equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.
- 2.9 The authority referred to in paragraph 2.8.2(b) has almost been exhausted. Accordingly, by ordinary and special resolutions passed on 31 July 2015 at the Company's general meeting:
- 2.9.1 in addition to any existing authorities, the Directors were generally and unconditionally authorised to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the Companies Act 2006) up to an aggregate nominal amount of £2,000,000 (representing 20 million Shares each with a nominal value of £0.10) which authority shall expire on 31 August 2016 (unless previously revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired; and
- 2.9.2 in addition to any existing authorities, the Directors were empowered, pursuant to section 570 of the Companies Act 2006, to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash pursuant to the authority referred to in

paragraph 2.9.1 above and/or where such allotment constitutes an allotment of equity securities by virtue of section 573 of the said Act, as if section 561 of the said Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities or sale of shares out of treasury up to an aggregate nominal amount of £2,000,000 (representing 20 million Shares each with a nominal value of £0.10), and shall expire on 31 August 2016 (unless previously revoked or varied by the Company in general meeting) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

- 2.10 The provisions of section 561 of the Act (which, to the extent not disapplied pursuant to section 570 of the Act, confer on Shareholders rights of pre-emption in respect of the allotment or sale of equity securities for cash) shall apply to any unissued share capital of the Company, except to the extent disapplied by the resolutions referred to at paragraphs 2.8.2 and 2.9.2 above.
- 2.11 Save as disclosed in this paragraph 2, 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.
- 2.12 The new Shares will be in registered form. Temporary documents of title will not be issued. The ISIN of the Shares is GB00B0BDCB21. The SEDOL of the Shares is B0BDCB2. The ticker for the Company is SEC.

3 Articles of Association

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

3.1 Objects

The objects of the Company are unrestricted.

3.2 Share capital

Subject to any rights attached to existing shares, any share may be issued with or have attached to it such rights and restrictions as the company may by ordinary resolution decide or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the board may decide.

3.3 General meetings

General meetings shall be convened in accordance with the Act.

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

3.4 Voting

In accordance with the Act, Shareholders have the right to receive notice of and to vote at, general meetings of the Company. Every Shareholder who is present in person or who (being a corporation) is present by a representative shall, on a show of hands, have one vote and every such holder present in person or who (being a corporation) is present by a representative or by proxy shall, on a poll, have one vote for each share of which he is the holder.

3.5 Dividends

The Company may, by ordinary resolution from time to time, declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board.

No dividend shall be payable except out of the profits of the Company and otherwise in accordance with the provisions of the Act but so that capital profits and surpluses arising from the realisation of investments shall not be available for distribution by way of dividend (but may be available for the purpose of any other distribution).

The determination of the Board as to the amount of profits in the Company at any time available for distribution by way of dividends shall be conclusive.

All dividends or other sums payable on or in respect of any shares which remain unclaimed may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or other sum that remains unclaimed after a period of 12 years from the date when it was declared or became due for payment shall be forfeited and shall revert to the Company unless the Board decides otherwise and the payment by the Board of any unclaimed dividend or other sum payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect of it.

3.6 Transfer of shares

Subject to certain restrictions described below:

- (i) any member may transfer all or any of his uncertificated shares by means of a relevant system in such manner provided for, and subject as provided in, the uncertificated securities rules; and
- (ii) any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve.

The Board can, in its discretion, decline to register any transfer of any share which is not a fully paid share provided that the Board gives reasons for declining to register a transfer of any shares together with, if required, the provision of such further information as the transferee may reasonably request. Where any such shares are admitted to the Official List of the London Stock Exchange, this discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may, in its absolute discretion and without giving any reason, refuse to register any share transfer unless:

- (i) it is duly stamped (if so required);
- (ii) it is in respect of only one class of share;
- (iii) it is in favour of not more than four joint transferees.

The Board may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted or required by the CREST Regulations and the relevant settlement system.

If a member has been issued with a notice under section 793 of the Act and is in default in relation to any shares (the "default shares") for the prescribed period in supplying the information thereby required, unless the Board otherwise determines, where the default shares represent at least 0.25% of their class, no transfer of any shares held by the member shall be registered (unless within defined exceptions under the Articles).

3.7 Variation of rights

Subject to the provisions of the Act, all or any of the rights attached to any existing class of shares may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. All the provisions of the Articles as to general meetings of the Company shall, with any necessary modifications, apply to any such separate general meeting, but so that the necessary quorum shall be two persons entitled to vote and holding or representing by proxy not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares). At any adjourned meeting, one holder entitled to vote and present in person or by proxy (whatever the number of shares held by him) shall be a quorum). At such class meeting, every holder of shares of the class present in person or by proxy and entitled to vote shall be entitled on a poll to one vote for every share of the class held by him (subject to any rights or restrictions attached to any

class of shares) and that any holder of shares of the class present in person or by proxy and entitled to vote may demand a poll. The foregoing provisions shall apply to the variation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class and their special rights were to be varied.

3.8 Directors

Unless otherwise determined by ordinary resolution of the Company, the Directors (disregarding alternate directors) shall be not less than two, nor more than twelve, in number. The Directors are not required to hold shares.

The Company may, by ordinary resolution, elect any person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board, but so that the total number of Directors shall not at any time exceed any maximum number fixed by or in accordance with the Articles.

Each of the Directors shall be paid a fee at such rate as may from time to time be determined by the Board, provided that the aggregate of all fees so paid to Directors (excluding amounts payable under any other provision of the Articles) shall not exceed £200,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company.

Any Director who performs services which, in the opinion of the Board or any committee authorised by the Board, go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may, in its discretion, decide in addition to any remuneration provided for by, or pursuant to, any other Article.

Each Director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board or committees of the Board or general meetings of the Company or any other meeting which, as a Director, he is entitled to attend and shall be paid all other costs and expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a Director.

At every annual general meeting any Director:

- (i) who has been appointed by the Board since the last annual general meeting;
- (ii) who held office at the time of the two preceding annual general meetings and who did not retire at either of them; or
- (iii) who has held office with the Company, other than employment of executive office, for a continuous period of nine years or more at the date of the meeting shall retire from office and may offer himself for re-appointment by the members.

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 contract with the Company or in which the Company has a direct or indirect interest and may be a director or other officer of, or employed by, or a party to any contract with the Company or which the Company has a direct or indirect interest.

3.9 Borrowing powers

Subject as provided in the Articles and the Company's investment policy, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company, to issue debentures and other securities and to give security, whether outright or as collateral security, for any debt, liability or obligation of the company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (but as regards subsidiary undertakings only in so far as by the exercise of the rights or powers of control the board can secure) that, at the time any borrowing is incurred, the aggregate principal amount from time to time outstanding of all borrowings by the group (exclusive of borrowings owing by one member of the group to

another member of the group) shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to 25% of the Net Asset Value of the Company most recently calculated in accordance with the Company's accounting policies.

3.10 Distribution of realised capital profits

The Board shall establish a reserve to be called the "capital reserve" and shall carry to the credit of such reserve from time to time all capital appreciations arising on the sale, transposition, payment off, or realisation of any investments or other capital assets of the Company in excess of the book value thereof and all other capital profits and unrealised appreciation of investments or other assets representing or in the nature of accretion to capital assets. Any losses realised on the sale, payment off or realisation of any investments or other capital assets and any depreciation in the value of capital assets shall be carried to the debit of the capital reserve except in so far as the Board may in its discretion decide to make good the same out of other funds of the Company.

Any surplus or profit realised or realisable after deducting any relevant expenses and relevant taxation on the disposal of an investment shall not be deemed to be income but shall be treated as an accretion to capital and accordingly shall not be profits available for distribution by way of dividend.

Any receipts of a capital nature, accretions to capital, anything received by the Company by way of reduction or other return of capital or share premium account or by way of capitalisation of reserves of any company in which the Company holds securities or sums appropriate shall not be profits available for distribution by way of dividend.

The Board may, subject to applicable legislation and practice, determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other. The Board may also, subject to applicable legislation and practice, determine whether any cost or expense (including any costs incurred or sums expended in connection with the management of the assets of the Company) is to be treated as a cost or expense of a capital or of a revenue nature or partly one and partly the other and to the extent the Board determines that any such cost or expense is to be treated as of a capital nature the Board may debit the same to the capital reserve.

No part of the capital reserve or any other moneys in the nature of accretion to capital shall in any event be transferred to revenue account or be regarded or treated as profits of the Company available for distribution as dividend or be applied in paying dividends on any shares in the Company's capital.

The Board may, before recommending any dividend, whether preferential or otherwise, carry to reserve out of the profits of the company (including any premiums received upon the issue of debentures or other securities of the Company) such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit. The Board may also, without placing the same to reserve, carry forward any profits which they may think prudent not to divide.

3.11 Capitalisation of reserves

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

to participate in the relevant distribution in relation to any shares of the relevant class held by it as treasury shares and the proportionate entitlement of the relevant class of members to the distribution will be calculated accordingly. The Board may authorise any person to enter into an agreement with the Company on behalf of the persons entitled to participate in the distribution and the agreement shall be binding on those persons.

3.12 Purchases of own shares

Subject to the provisions of the Act and to any rights attached to existing shares, the Company may purchase or may enter into a contract under which it will or may purchase all or any of its shares of any class, including any redeemable shares (if any). Neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any other particular manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

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:

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

the 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% 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% 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 their 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 and major shareholders

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

<i>Name</i>	<i>Number of Shares</i>	<i>% of issued Share capital</i>
Richard Hills	60,000	0.10
Sir Clive Thompson	2,679,102	4.28
Ian Dighé	—	—
Josephine Dixon	10,000*	0.02
Richard Locke	20,000**	0.03

* These Shares are held in the name of John Tinkler.

** This interest is held jointly by Mr Locke and Mrs Mary Locke.

Save as disclosed in this paragraph, no Director has 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 are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Articles.
- 5.3 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.
- 5.4 The total remuneration receivable by the Directors and paid by the Company to the Directors in respect of the Company's accounting period ended 30 June 2014 was £115,290. The Directors' current level of remuneration is £20,500 per annum for each Director other than the Chairman of the Board, who receives £29,500 per annum, and the Chairman of the Audit Committee, who receives £23,500 per annum.
- 5.5 There are no amounts set aside or accrued by the Company to provide pension, retirement or similar benefits.
- 5.6 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.

5.7 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:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Richard Hills	Aztec Financial Services (Guernsey) Ltd Aztec Group Limited Darley Energy plc Engandscot Ltd Henderson Global Trust Plc JPMorgan Income & Capital Trust plc	Aberdeen New Dawn Investment Trust plc Argyll Investment Services UK Limited Cinven Limited European Masters Fund Ltd Phaunos Timber Fund Ltd Stockbridge Consultancy Limited
Sir Clive Thompson	Barslondon Ltd Sixxx Records Ltd Storm Financial Ltd	None
Ian Dighé	Cruise and Passenger Services Ltd Independent Port Handling Limited MAMSB Ltd Midas ESOP Ltd Miton Asset Management Limited Miton Group plc Miton Group Service Company Limited Miton Investment Company Ltd Pathfinder Personnel Limited PSigma Asset Management Ltd PSigma Asset Management Holdings Ltd PSigma Unit Trust Managers Limited Southampton Cargo Handling Limited Westminster Theological Centre	Alpha Securities Trading Limited Artemis Alpha Trust plc Gartmore GO Dealing Limited Gartmore Growth Opportunities plc Hopkins & Jones Limited Matterley Holdings LLP New Wine Resources Limited New Wine Trust Seneca Investment Managers Limited
Josephine Dixon	F&C Global Smaller Companies plc JPMorgan European Investment Trust plc Market place Limited Plutus Powergen plc Road to Happiness Limited Standard Life Equity Income Trust plc Worldwide Healthcare Trust plc	Baring Emerging Europe PLC Dialtime Plus Limited FamailUK.com limited
Richard Locke	Fenchurch Advisory Partners LLP Fenchurch Partners Limited Macklin House Management Company Limited	None

5.8 In addition, Sir Clive Thompson is a member of the Industry Advisory Panel, which was established to provide advice to the Investment Manager in relation to the strategy, operations and management of potential investee companies.

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

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

5.10 So far as is known to the Company, as at the Latest Practicable Date the following persons held, directly or indirectly, 3% or more of the Company's voting rights:

<i>Name</i>	<i>Number of voting rights held</i>	<i>% of voting rights</i>
RIT Capital Partners plc	9,818,227	15.69
Hargreaves Lansdown	5,870,192	9.38
Brewin Dolphin	3,431,656	5.48
Arbuthnot Fund Managers	3,412,657	5.45
Mr Ian Armitage	3,200,000	5.11
Schroders plc	3,111,987	4.97
Sir Clive Thompson	2,679,102	4.28
Rathbones	2,472,743	3.95
Raymond James Investment	1,883,653	3.01

Save as set out in this paragraph 5.10, 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% or more of the voting rights of the Company.

5.11 All Shareholders have the same voting rights in respect of the share capital of the Company.

5.12 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.

5.13 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.

5.14 Save as disclosed 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 as at the Latest Practicable Date.

6 Investment restrictions

The Company will at all times invest and manage its assets with the objective of spreading risk and in accordance with its published investment policy as set out in Part I of this document.

In order to comply with the current Listing Rules, the Company will not invest more than 10% of its gross assets in other listed closed-ended investment funds, whether advised or managed by the Investment Manager or not.

In the event of a breach of the investment policy set out in Part I of this document and the investment restrictions set out therein, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

The Company must not conduct any trading activity which is significant in the context of its group as a whole.

7 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.

7.1 Share Issuance Agreement

The Company has entered into a Share Issuance Agreement dated 3 August 2015 with the Investment Manager and Canaccord Genuity pursuant to which Canaccord Genuity has agreed to act as financial adviser, sponsor and sole book-runner in connection with the publication of this document and the Share Issuance Programme.

In consideration for the provision of its services, Canaccord Genuity shall be entitled to a commission in respect of each Issue based on the gross issue proceeds of each Issue and a fee in relation to its role as sponsor. In addition, Canaccord Genuity is entitled to be reimbursed for its reasonable out-of pocket expenses incurred in connection with the Share Issuance Agreement and its services thereunder.

The Company and the Investment Manager have given warranties to Canaccord Genuity concerning, *inter alia*, the accuracy of the information contained in this document. The Company has also given an indemnity to Canaccord Genuity. The warranties given by the Company and the Investment Manager and the indemnity given by the Company are standard for an agreement of this nature.

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

7.2 Investment Management Agreement

The Company has entered into an amended and restated investment management agreement (the “**Investment Management Agreement**”) dated 19 February 2015 with the Investment Manager whereby the Investment Manager has agreed (subject to the overall supervision of the Directors) to manage the assets of the Company in return for a basic management fee and a performance fee. The Manager has agreed to manage the assets of the Company in accordance with the investment restrictions and investment objectives set out in the Investment Management Agreement and in this document.

Basic fee

A basic management fee is payable to the Investment Manager which accrues weekly and is payable quarterly in arrears. The basic fee is the lower of (i) 1.0% of the adjusted NAV of the Company and (ii) 1.0% per annum of the Company’s market capitalisation.

Performance fee

In addition, the Investment Manager will be entitled to a performance fee in certain circumstances.

The Company’s performance is measured over rolling three-year periods ending on 30 June each year, by comparing the NAV total return per Share over a performance period against the total return performance of the FTSE SmallCap (ex Investment Companies) Index. A performance fee is payable if the NAV total return per Share (calculated before any accrual for any performance fee to be paid in respect of the relevant performance period) at the end of the relevant performance period exceeds both:

- (i) the NAV per Share at the beginning of the relevant performance period as adjusted by the aggregate amount of (a) the total return on the FTSE SmallCap (ex Investment Companies) Index (expressed as a percentage) and (b) 2.0% per annum over the relevant performance period (“**Target NAV per Share**”); and
- (ii) the high watermark (which is the highest NAV per Share by reference to which a performance fee was paid previously).

The Investment Manager will be entitled to 15% of the excess over the higher of the Target NAV per Share and the high watermark. Payment of a performance fee that has been earned will be deferred to the extent that the amount payable exceeds 1.75% per annum of the Company’s NAV at the end of the relevant performance period (amounts deferred will be payable when, and to the extent that, following any later performance period(s) with respect to which a performance fee is payable, it is possible to pay the deferred amounts without causing that cap to be exceeded or the relevant NAV total return per Share to fall below the relevant Target NAV per Share and the relevant high watermark).

The fees referred to above are expressed exclusive of VAT.

The Investment Manager's appointment may be terminated by either party giving 12 months' written notice. In the event that a continuation resolution proposed at any Annual General Meeting is not passed, the Investment Management Agreement expressly permits the Company to give notice terminating the Investment Manager's appointment without any compensation being payable to the Investment Manager in lieu of any period of notice otherwise required under the Investment Management Agreement. The Investment Management Agreement may also be terminated by either the Investment Manager or the Company if the other party has gone into liquidation, administration or receivership or has committed a substantial or continuing breach of the Investment Management Agreement.

The Company has agreed to indemnify the Investment Manager and its officers, employees, agents or delegates from and against any loss, damage or liability which the Manager, its officers, employees, agents or delegates may incur in the course of, or as a consequence of, the performance of their duties under this Agreement, except to the extent that such loss, damage or liability results from the negligence, wilful default, fraud, breach of the terms of this Agreement or breach of trust of the Investment Manager or any other member of the Group, or their officers, employees, agents or delegates. The indemnity provided by the Company in this agreement is usual for an agreement of this nature.

The Investment Management Agreement is governed by the laws of England.

7.3 Registrar Agreement

The Company entered into a Registrar Agreement with the Registrar in 2005, pursuant to which the Registrar has been appointed as registrar to the Company. Under the terms of the Registrar Agreement, the Registrar is entitled to a fee of £1.35 per holding per annum which is subject to a minimum fee per annum of £1,500 (exclusive of VAT). There are provisions for the Registrar to vary the fees annually. The Registrar is entitled to additional fees if they exceed the set threshold figure for CREST transfers in any month. The Registrar is also entitled to reimbursement of all out-of-pocket costs, expenses, and charges incurred in connection with the provision of services under the Registrar Agreement.

Either party may terminate the Registrar Agreement on not less than six months' notice in writing to the other party. The Registrar Agreement is governed by the laws of England and Wales.

7.4 Administration Agreement

The Company has entered into the Administration Agreement dated 17 January 2013 with the Company and the Administrator whereby the Administrator has agreed to act as administrator of the Company and to provide services in accordance with the terms of the Administration Agreement.

The Administration Agreement may be terminated by the Company or the Administrator giving not less than 12 months' notice written notice to the other party. However, the Administration Agreement shall terminate automatically: (i) if the other party commits a material breach of its obligations under this Agreement which that party has failed to remedy within sixty (60) days of receipt of written notice to do so; or (ii) if a party goes into liquidation or an order shall be made or a resolution shall be passed to put a party into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation); or (iii) if a receiver or administrator is appointed over the undertaking of a party or any part thereof; or (iv) if the Administrator ceases to be qualified to act as such pursuant to this agreement or all statutory, legal and regulatory requirements; or (v) either party ceases to hold any permits or authorisations necessary for it to perform its obligations under this Agreement.

In return for providing the fund administration services, the Company will pay to the Administrator the annual fee, which is approximately £105,000 (exclusive of VAT). The fee will be subject to possible increases.

The Administrator, its affiliates, their directors, officers, employees or agents shall not, in the absence of negligence, wilful default, fraud or fraudulent misrepresentation on any of their parts be liable to the Company for any act or omission, in the course of, or in connection with the provision of its services under the Administration Agreement or the discharge of their duties in accordance with the Administration Agreement. The Administration Agreement

contains provisions for the indemnification by the Company of the Administrator, its affiliates, their directors, officers, employees and agents against any and all losses incurred by them resulting or arising from the Company's negligence, wilful default, fraud, fraudulent misrepresentation or breach of the Administration Agreement except to the extent that such losses have resulted from the negligence, fraud, fraudulent misrepresentation or wilful default of the Administrator, its affiliates, their directors, officers, employees or agents.

7.5 Depositary Agreement

The Company has entered into the Depositary Agreement dated 10 July 2014 with the Investment Manager and the Depositary, pursuant to which the Depositary has been appointed as the Company's depositary to provide cash monitoring, safekeeping of financial instruments and other assets and oversight services to the Company. The Depositary is authorised by the Prudential Regulation Authority with firm reference number 226284 and is subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority.

In accordance with the terms of the Depositary Agreement, the Depositary may delegate the whole or part of the custody services or asset verification services to one or more sub-custodians located in any part of the world. The liability of the Depositary shall in principle not be affected by any delegation of its custody function and the Depositary shall be liable to the Company or its investors for the loss of securities by the Depositary or a third party to whom the custody of securities has been delegated. The Depositary has delegated custody of the Company's securities and other investments to The Northern Trust Company. Details of The Northern Trust Company are set out in paragraph 8 below.

Under the terms of the Depositary Agreement, the Depositary is entitled to be paid a fee of 0.03% per annum of the Net Asset Value of the Company subject to a minimum annual charge of £50,000. For its custody services, the Depositary is also entitled to be paid a fee of 0.01% per annum of the Net Asset Value of the Company, subject to a minimum annual charge of £20,000. In addition, the Company shall pay or reimburse the Depositary for any extraordinary expenses the Depositary reasonably incurs in connection with the proper performance of its duties under the Depositary Agreement provided that the Depositary has given the Company prior notice of those expenses. The Company authorises the Depositary to deduct amounts owing to it from the Company's accounts.

The Depositary Agreement provides that the Company and the Investment Manager each agree to indemnify and hold harmless the Depositary, its affiliates and their respective directors, officers and employees from all losses and any claim arising out of or in connection with any matter for which the Depositary is protected, or not liable or not responsible, or otherwise with respect to any act or omission taken by the Depositary in the absence of the Depositary's bad faith, negligence (including a negligent failure to perform its obligations pursuant to the AIFM Directive), wilful default or fraud or any loss of custody assets for which the Depositary is liable.

The Depositary Agreement may be terminated at any time upon 90 days' written notice from the Company to the Depositary or the Depositary to the Company and such termination shall be effective upon the appointment of a new depositary.

The Depositary Agreement is governed by the laws of England.

8 Custodian

The Custodian is The Northern Trust Company. The Custodian is a company with limited liability organised under the laws of the United States. The Custodian has a branch registered with Companies House in England and Wales at 50 Bank Street, London E14 5NT with registration number BR001960. The London branch of the Custodian is authorised by the Prudential Regulation Authority with firm reference number 122020 and is subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority. The principal business of the Custodian is the provision of custodial, banking and related financial services. The Company's assets which are securities are held by Nortrust Nominees Limited, a wholly owned subsidiary of the Custodian, and the Company's cash is held by the Custodian.

9 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.

10 Auditors

The auditors to the Company are Ernst & Young LLP of 1 More London Place, London SE1 2AF. Ernst & Young LLP is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales (ICAEW). The firm is a member of the ICAEW Practice Assurance scheme and is subject to the jurisdiction of The Accountancy and Actuarial Discipline Board. Ernst & Young LLP have audited the Company's annual accounts for the periods ended 30 June 2012, 30 June 2013 and 30 June 2014 and no other information contained in this document.

11 General

11.1 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.

11.2 Canaccord Genuity 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.

11.3 GVQ Investment Management 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.

11.4 Ernst & Young LLP 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.

12 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 Stephenson Harwood LLP, 1 Finsbury Circus, London EC2M 7SH until the closing of the Share Issuance Programme:

12.1 this document;

12.2 the Articles; and

12.3 the audited accounts of the Company for the years ended 30 June 2012, 30 June 2013 and 30 June 2014 and the unaudited half-yearly reports for the six months ended 31 December 2013 and 31 December 2014.

13 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 for download from the Company's website at <http://www.strategicequitycapital.com/secapital/en/investors/results> and which are available for inspection in accordance with paragraph 12 above:

<i>Reference document</i>	<i>Information incorporated by reference</i>	<i>Page number in the document</i>
2014 Annual Report and Accounts	<i>Financial Summary</i>	1
	<i>Directors</i>	2
	<i>Strategic Report Chairman's Statement</i>	3-5
	<i>Investment Manager's Report</i>	6-13
	<i>Top 10 Investee Company Review</i>	14-15
	<i>Other Statutory Information</i>	16-20
	<i>Report of the Directors</i>	21-24
	<i>Statement on Corporate Governance</i>	25-26
	<i>Report from the Audit Committee</i>	27-31
	<i>Directors' Remuneration Report</i>	32-34
	<i>Statement of Directors' Responsibilities in</i>	35

<i>Reference document</i>	<i>Information incorporated by reference</i>	<i>Page number in the document</i>
	<i>respect of the Financial Statements</i>	
	<i>Independent Auditor's Report</i>	36-38
	<i>Statement of Comprehensive Income</i>	39
	<i>Statement of Changes in Equity</i>	40
	<i>Balance Sheet</i>	41
	<i>Statement of Cash Flow</i>	42
	<i>Notes to the Financial Statements</i>	43-59
	<i>Corporate Information</i>	60
2013 Annual Report and Accounts	<i>Financial Summary</i>	1
	<i>Chairman's report</i>	2
	<i>Directors</i>	4
	<i>Investment Manager, Secretary and Advisers</i>	5
	<i>Investment Manager's report</i>	6
	<i>Top 10 Investee Company Review</i>	13-14
	<i>Report of the Directors</i>	15-21
	<i>Statement on corporate governance</i>	22-25
	<i>Statement of Directors' responsibilities in respect of the financial statements</i>	26
	<i>Directors' remuneration report</i>	27
	<i>Independent Auditor's report</i>	28
	<i>Statement of comprehensive income</i>	29
	<i>Statement of changes in equity</i>	30
	<i>Balance sheet</i>	31
	<i>Statement of cash flows</i>	32
	<i>Notes to the financial statements</i>	33-46
2012 Annual Report and Accounts	<i>Financial summary</i>	1
	<i>Chairman's report</i>	2
	<i>Directors</i>	3
	<i>Investment Manager, Secretary and Advisers</i>	4
	<i>Investment Manager report</i>	5
	<i>Top 10 Investee Company Review</i>	11-12
	<i>Report of the Directors</i>	13
	<i>Statement on corporate governance</i>	21
	<i>Statement of Directors' responsibilities in respect of the financial statements</i>	24
	<i>Directors' remuneration report</i>	25
	<i>Independent Auditor's report</i>	26
	<i>Statement of comprehensive income</i>	27
	<i>Statement of changes in equity</i>	28
	<i>Balance sheet</i>	29
	<i>Statement of cash flows</i>	30
	<i>Notes to the financial statements</i>	31-44
2014 Half-yearly Financial Report	<i>Financial Summary</i>	2
	<i>Investment policy</i>	3
	<i>Chairman's Report</i>	4-5
	<i>Investment Manager's report</i>	6-15
	<i>Risk, going concern and responsibility statement</i>	16
	<i>Statement of comprehensive income</i>	17
	<i>Statement of changes in equity</i>	18
	<i>Balance sheet</i>	19
	<i>Statement of cash flows</i>	20
	<i>Notes to the financial statements</i>	21-27
	<i>Directors and advisers</i>	28
	<i>Shareholder information</i>	29

<i>Reference document</i>	<i>Information incorporated by reference</i>	<i>Page number in the document</i>
2013 Half-yearly Financial Report	<i>Financial Summary</i>	2
	<i>Investment Policy</i>	3
	<i>Chairman's report</i>	4-5
	<i>Investment Manager's report</i>	6-14
	<i>Interim management report</i>	15
	<i>Going concern</i>	15
	<i>Responsibility statement</i>	15
	<i>Statement of comprehensive income</i>	16
	<i>Statement of changes in equity</i>	17
	<i>Balance sheet</i>	18
	<i>Statement of cash flows</i>	19
	<i>Notes to the half yearly report</i>	20-26
	<i>Directors and advisers</i>	27

Dated: 3 August 2015

PART VII

TERMS AND CONDITIONS OF THE SHARE ISSUANCE PROGRAMME

1 Introduction

Each Placee which confirms its agreement to the Placing Agent to subscribe for Shares under the Share Issuance Programme will be deemed to have read and understood this document in its entirety and will be bound by these terms and conditions and will be deemed to have accepted them.

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

2 Agreement to subscribe for Shares

Conditional on: (i) any Admission under the Share Issuance Programme occurring not later than 8.00 a.m. on such date as may be agreed between the Company and the Placing Agent prior to the closing of each Issue under the Share Issuance Programme, not being later than 2 August 2016; (ii) the Share Issuance Agreement becoming otherwise unconditional in all respects and not having been terminated on or before the date of such Admission; and (iii) the Placing Agent confirming to the Placees their allocation of Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Shares allocated to it by the Placing Agent at the relevant Issue Price under the Share Issuance Programme. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3 Payment for Shares

3.1 Each Placee must pay the relevant price for the Shares issued to the Placee in the manner and by the time directed by the Placing Agent. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Shares may, at the discretion of the Placing Agent, either be rejected or accepted and in the latter case paragraph 3.2 of these terms and conditions shall apply.

3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant price for the Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and the Placing Agent elects to accept that Placee's application, the Placing Agent may sell all or any of the Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for the Placing Agent's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Shares on such Placee's behalf.

4 Participation in, and principal terms of, an Issue under the Share Issuance Programme

4.1 The applicable Issue Price per new Share will be determined in accordance with this document (being the prospectus published by the Company in connection with the Share Issuance Programme (the "Prospectus")) and will be payable to the Placing Agent by all Placees in respect of each new Share issued to them under the relevant Issue.

4.2 The closing date for each Issue will be agreed between the Company and the Placing Agent and notified to Placees.

4.3 The Placing Agent will re-contact and confirm orally to Placees the size of their respective allocations and a trade confirmation will be dispatched as soon as possible thereafter. The Placing Agent's oral confirmation of the size of allocations and each Placee's oral commitment to accept the same or such lesser number as determined in accordance with paragraph 4.4 below will constitute a legally binding agreement pursuant to which each such Placee will be required to accept the number of Shares allocated to the Placee at the applicable Issue Price and otherwise on the terms and subject to the conditions set out in this Part VII of the Prospectus.

- 4.4 The Company and the Placing Agent reserve the right not to accept offers to subscribe for Shares or to accept such offers in part rather than in whole. The Placing Agent shall be entitled to effect the relevant Issue by such method as it shall in its sole discretion determine. To the fullest extent permissible by law, neither the Placing Agent, nor any holding company of it, nor any subsidiary, branch or affiliate of the Placing Agent (each, an “**Affiliate**”) nor any person acting on behalf of any of the foregoing shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, neither the Placing Agent nor any Affiliate of the Placing Agent nor any person acting on their behalf shall have any liability to Placees in respect of their conduct of any Issue under the Share Issuance Programme.
- 4.5 Each Placee’s obligations will be owed to the Company and the Placing Agent. Following the oral commitment from each Placee referred to above, each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Placing Agent, to pay to the Placing Agent (or as the Placing Agent may direct) in cleared funds an amount equal to the product of the applicable Issue Price and the number of Shares which such Placee has agreed to acquire. The Company shall allot such Shares to each Placee following each Placee’s payment to the Placing Agent of such amount.
- 4.6 Each Placee agrees to indemnify on demand and hold each of the Placing Agent, the Company and the Investment Manager and its and their respective Affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the acknowledgements, undertakings, representation, warranties and agreements set forth in these terms and conditions and any trade confirmation.
- 4.7 All obligations of the Placing Agent under an Issue will be subject to fulfilment of the conditions referred to below under ‘Conditions of each Issue’.

5 Conditions of each Issue

- 5.1 Each Issue under the Share Issuance Programme is conditional upon the Share Issuance Agreement becoming unconditional and not having been terminated in accordance with its terms.
- 5.2 The obligations of the Placing Agent under the Share Issuance Agreement in relation to an Issue are conditional, *inter alia*, on:
- (a) Admission of the relevant Shares occurring by no later than 8.00 a.m. on such date as may be agreed between the Company and the Placing Agent prior to the closing of the relevant Issue, not being later than 2 August 2016; and
 - (b) none of the representations, warranties and undertakings given by the Company or the Investment Manager respectively in the Share Issuance Agreement being breached or being untrue, inaccurate or misleading in any respect when made or, by reason of any event occurring or circumstance arising before Admission of the relevant Shares, ceasing to be true and accurate were it to be repeated as at their Admission.
- 5.3 If (a) the conditions are not fulfilled (or to the extent permitted under the Share Issuance Programme, have not been waived by the Placing Agent), or (b) the Share Issuance Agreement is terminated in accordance with its terms, the relevant Issue will lapse and each Placee’s rights and obligations under the Issue shall cease and determine at such time and no claim may be made by a Placee in respect thereof. The Placing Agent shall have no liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition in the Share Issuance Agreement or in respect of any Issue under the Share Issuance Programme generally.
- 5.4 By participating in an Issue, each Placee agrees that its rights and obligations hereunder terminate only in the circumstances described above, and will not be capable of rescission or termination by the Placee.

6 Registration and Settlement

- 6.1 Settlement of transactions in the Shares following their Admission will take place within the CREST system, using the delivery versus payment (“DVP”) mechanism, subject to certain exceptions. The Placing Agent reserves the right to require settlement for and delivery of the Shares to Placees by such other means as it may deem necessary, if delivery or settlement is not possible or practicable within the CREST system within the timetable for the relevant Issue or would not be consistent with the regulatory requirements in the Placee’s jurisdiction.
- 6.2 Each Placee allocated Shares in an Issue will be sent a trade confirmation stating the number of Shares allocated to it, the applicable Issue Price, the aggregate amount owed by such Placee to the Placing Agent and settlement instructions. Placees should settle against CREST Participant ID: 805 for the Placing Agent. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which it has in place with the Placing Agent.
- 6.3 It is expected that settlement will be on a T+2 basis in accordance with the instructions set out in the trade confirmation.
- 6.4 Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of 2 percentage points above the base rate of Barclays Bank plc.
- 6.5 If Shares are to be delivered to a custodian or settlement agent, the Placee should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation.

7 Representations and warranties

By agreeing to subscribe for Shares, each Placee which enters into a commitment to subscribe for Shares will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Investment Manager and the Placing Agent that:

- 7.1 in agreeing to subscribe for Shares under the Share Issuance Programme, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company and/or the Share Issuance Programme. It agrees that none of the Company, the Investment Manager, the Placing Agent or the Registrar, nor any of their respective officers, agents or employees will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 7.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Shares under the Share Issuance Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, the Placing Agent or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Share Issuance Programme;
- 7.3 it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part VII and the Articles as in force at the date of Admission of the relevant Shares;
- 7.4 it has not relied on the Placing Agent or any person affiliated with the Placing Agent in connection with any investigation of the accuracy of any information contained in this document;
- 7.5 the content of this document is exclusively the responsibility of the Company and its Directors and neither the Placing Agent nor any person acting on its behalf nor any of its respective affiliates is responsible for or shall have any liability for any information,

representation or statement contained in this document or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Share Issuance Programme based on any information, representation or statement contained in this document or otherwise;

- 7.6 it acknowledges that no person other than the Company, the Investment Manager or the Placing Agent, is authorised in connection with the Share Issuance Programme to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager or the Placing Agent;
- 7.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- 7.8 it accepts that none of the Shares has been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa or Japan. Accordingly, the Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of United States, Canada, Australia, the Republic of South Africa or Japan unless an exemption from any registration requirement is available;
- 7.9 if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Shares may otherwise lawfully be offered under such Order or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 7.10 if it is a resident in the EEA (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of Directive 2003/71/EC and (b) if that relevant Member State has implemented the AIFMD, that it is a person to whom the Shares may lawfully be marked under the AIFMD or under the applicable implementing legislation (if any) of that relevant Member State;
- 7.11 in the case of any Shares acquired by a Placee as a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive (i) the Shares acquired by it in the Share Issuance Programme have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, or in circumstances in which the prior consent of the Placing Agent has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 7.12 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Share Issuance Programme constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Shares pursuant to the Share Issuance Programme unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 7.13 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Shares and it is not acting on a non-discretionary basis for any such person;
- 7.14 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for Shares under the Share Issuance Programme and will not be any such person on the date any such agreement to subscribe under the Placing Programme is accepted;

- 7.15 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Share Issuance Programme or the Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- 7.16 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading “United States Purchase and Transfer Restrictions” in paragraph 8, below;
- 7.17 it acknowledges that the Placing Agent nor any of its respective affiliates, nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Share Issuance Programme or providing any advice in relation to the Share Issuance Programme and participation in the Share Issuance Programme is on the basis that it is not and will not be a client of the Placing Agent and that the Placing Agent has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Share Issuance Programme nor in respect of any representations, warranties, undertaking or indemnities otherwise required to be given by it in connection with its application under the Share Issuance Programme;
- 7.18 it acknowledges that where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Shares for each such account; (ii) to make on each such account’s behalf the representations, warranties and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Share Issuance Programme in the form provided by the Company and/or the Placing Agent. It agrees that the provision of this paragraph shall survive any resale of the Shares by or on behalf of any such account;
- 7.19 it irrevocably appoints any director of the Company and any director of the Placing Agent to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Shares for which it has given a commitment under the Share Issuance Programme, in the event of its own failure to do so;
- 7.20 it accepts that if any Issue under the Share Issuance Programme does not proceed or the conditions to the Share Issuance Agreement are not satisfied or the Shares for which valid applications are received and accepted are not admitted to the Official List of the FCA and to trading on the London Stock Exchange for any reason whatsoever then none of the Placing Agent nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 7.21 in connection with its participation in the Share Issuance Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering (“**Money Laundering Legislation**”) and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the “**Money Laundering Directive**”); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 7.22 it acknowledges that due to anti-money laundering requirements, the Placing Agent and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, the Placing Agent

and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify the Placing Agent and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;

- 7.23 it acknowledges and agrees that information provided by it to the Company or the Registrar will be stored both on the Registrar's and the Company Secretary's computer system and manually. It acknowledges and agrees that the Registrar is required to specify the purposes for which it will hold personal data. The Registrar and the Company Secretary will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:
- (a) process its personal data (including sensitive personal data) as required by or in connection with its holding of Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (b) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Shares;
 - (c) provide personal data to such third parties as the Registrar or the Company Secretary may consider necessary in connection with its affairs and generally in connection with its holding of Shares or as the Data Protection Law may require, including to third parties outside the European Economic Area;
 - (d) process its personal data for the Registrar's or the Company Secretary's internal administration.
- 7.24 in providing the Registrar and the Company Secretary with information, it hereby represents and warrants to the Registrar and the Company Secretary that it has obtained the consent of any data subject to the Registrar and the Company Secretary and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph 7.23 above). For the purposes of this document, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;
- 7.25 the Placing Agent and the Company are entitled to exercise any of their rights under the Share Issuance Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 7.26 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that the Placing Agent and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Shares are no longer accurate, it shall promptly notify the Placing Agent and the Company;
- 7.27 where it or any person acting on behalf of it is dealing with the Placing Agent, any money held in an account with the Placing Agent on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require the Placing Agent to segregate such money, as that money will be held by the Placing Agent under a banking relationship and not as trustee;
- 7.28 any of its clients, whether or not identified to the Placing Agent, will remain its sole responsibility and will not become clients of the Placing Agent for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 7.29 it accepts that the allocation of Shares shall be determined by the Placing Agent in their absolute discretion but in consultation with the Company and that the Placing Agent may scale down any commitments for this purpose on such basis as it may determine; and
- 7.30 time shall be of the essence as regards its obligations to settle payment for the Shares and to comply with its other obligations under the Share Issuance Programme.

8 United States purchase and transfer restrictions

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

- 8.1 it is not a US Person and it is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S and it is not acquiring the Shares for the account or benefit of a US Person;
- 8.2 it acknowledges that the Shares have not been and will not be registered under 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 in the United States or to, or for the account or benefit of, US Persons absent registration or an exemption from registration under the Securities Act;
- 8.3 it acknowledges that the Company has not registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- 8.4 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of (i) an “employee benefit plan” as defined in Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Internal Revenue Code of 1986, as amended, (the “**Tax Code**”), including an individual retirement account or other arrangement that is subject to Section 4975 of the Tax Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Tax Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Tax Code, its purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 8.5 if any Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

“STRATEGIC EQUITY CAPITAL PLC (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.”;
- 8.6 if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of its Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 8.7 it is purchasing the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Shares in any manner that would violate the Securities Act, the US Investment Company Act or any other applicable securities laws;

- 8.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Shares or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities laws to transfer such Shares or interests in accordance with the Articles;
- 8.9 it acknowledges and understands that the Company is required to comply with the US Foreign Account Tax Compliance Act (“**FATCA**”) and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 8.10 it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Placing Agent or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Share Issuance Programme or its acceptance of participation in the Share Issuance Programme;
- 8.11 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Shares to within the United States or to any US Persons, nor will it do any of the foregoing; and
- 8.12 if it is acquiring any Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

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

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

9 Supply and disclosure of information

If the Placing Agent, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Shares under the Share Issuance Programme, such Placee must promptly disclose it to them.

10 Miscellaneous

The rights and remedies of the Company, the Investment Manager, the Placing Agent and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned.

All documents provided in connection with the Share Issuance Programme will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles once the Shares, which the Placee has agreed to subscribe for pursuant to the Share Issuance Programme, have been acquired by the Placee. The contract to subscribe for Shares under the Share Issuance Programme and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Investment Manager, the Placing Agent and the Registrar, each Placee irrevocably submits to the jurisdiction of the

courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Shares under the Share Issuance Programme, references to a “**Placee**” in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

The Placing Agent and the Company expressly reserve the right to modify the Share Issuance Programme (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Share Issuance Programme is subject to the satisfaction of the conditions contained in the Share Issuance Agreement and the Share Issuance Agreement not having been terminated. Further details of the terms of the Share Issuance Agreement are contained in Part VI of this document.

PART VIII

DEFINITIONS

“Act”	the Companies Act 2006, as amended from time to time
“Administration Agreement”	the administration agreement between the Company and the Administrator summarised in paragraph 7.4 of Part VI of this document
“Administrator”	Capita Sinclair Henderson Limited
“Admission”	the admission of the new Shares to be issued pursuant to the Share Issuance Programme: (i) to the premium segment of the Official List; and (ii) to trading on the London Stock Exchange’s main market for listed securities, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
“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
“AIFM”	alternative investment fund manager
“AIFMD”	the European Union Directive on Alternative Investment Fund Managers
“Article 23 Disclosures”	the document published on www.strategicequitycapital.com containing the disclosures required to be made to investors pursuant to Article 23 of the AIFMD
“Articles”	the articles of association of the Company as at the date of this document
“Auditors”	Ernst & Young LLP or such other auditor as the Company may appoint from time to time
“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
“Canaccord Genuity”	Canaccord Genuity Limited
“certificated” or “in certificated form”	not in uncertificated form
“Company”	Strategic Equity Capital plc
“Company Secretary”	Capita Sinclair Henderson Limited
“CREST”	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
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
“Custodian”	The Northern Trust Company, London branch
“Depository”	Northern Trust Global Services Limited
“Depository Agreement”	the depository agreement between the Company, the Investment Manager and the Depository, summarised in paragraph 7.5 of Part VI of this document
“Directors” or “Board”	the board of directors of the Company
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FCA under Part VI of FSMA

“Euroclear”	Euroclear UK & Ireland Limited
“FCA”	the Financial Conduct Authority of the United Kingdom, or any successor authority
“FSMA”	the UK Financial Services and Markets Act 2000, as amended
“HMRC”	HM Revenue & Customs
“IFRS”	International Financial Reporting Standards
“Investment Manager”	GVQ Investment Management Limited, a company incorporated in England and Wales with registered number 04493500
“Investment Management Agreement”	the agreement between the Company and the Investment Manager relating to the investment management of the assets of the Company, summarised in paragraph 7.2 of Part VI of this document
“IRR”	internal rate of return
“Issue”	an issue of Shares by the Company pursuant to the Share Issuance Programme
“Issue Price”	the price at which new Shares will be issued pursuant to the Share Issuance Programme, being such price, not less than the aggregate of the prevailing Net Asset Value per Share and a premium to cover the commissions and <i>pro rata</i> expenses of the issue of new Shares under the Share Issuance Programme, subject to the requirements of the Listing Rules
“Latest Practicable Date”	close of business on 30 July 2015, being the latest practicable date prior to the date of this document for ascertaining certain information contained herein
“Listing Rules”	the listing rules made by the UK Listing Authority under section 73A of FSMA
“London Stock Exchange”	London Stock Exchange plc
“Member State”	any member state of the European Economic Area
“NAV” or “Net Asset Value”	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 and the Articles
“NISA”	a New Individual Savings Account maintained in accordance with the UK Individual Savings Account Regulations 1998 (as amended from time to time)
“Official List”	the official list maintained by the UK Listing Authority
“Overseas Persons”	a person who is not resident in, or who is outside, or who has a registered address outside, the United Kingdom
“Placing Agent”	Canaccord Genuity or such other person as may be appointed by the Company to place Shares
“Prospectus Rules”	the rules and regulations made by the FCA under Part VI of FSMA
“Register”	the register of members of the Company
“Registrar”	Capita Asset Services
“Registrar Agreement”	the registrar agreement between the Company and the Registrar, summarised in paragraph 7.3 of Part VI of this document
“Regulation S”	Regulation S under the Securities Act
“Regulatory Information Service” or “RIS”	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange

“Relevant Member State”	each Member State which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator
“ROCE”	return on capital employed
“Securities Act”	the United States Securities Act of 1933, as amended
“Shareholder”	a holder of Shares
“Share Issuance Agreement”	the conditional agreement between the Company, the Investment Manager and Canaccord Genuity summarised in paragraph 7.1 of Part VI of this document
“Share Issuance Programme”	the proposed programme of placings of up to 20 million Shares as described in this document
“Shares”	ordinary shares with a nominal value of 10 pence each in the capital of the Company
“SIPP”	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
“sterling” or “£”	pounds sterling, the lawful currency of the UK
“Takeover Code”	The City Code on Takeovers and Mergers
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of admissions to the Official List
“uncertificated” or “in uncertificated form”	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
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US Investment Company Act”	the United States Investment Company Act of 1940, as amended
“US Person”	a US Person as defined for the purposes of Regulation S

