

**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 FSMA or, if you are not resident in the UK, from another appropriately authorised independent financial adviser in your own jurisdiction.**

This document comprises the Prospectus relating to the Company prepared in accordance with the Prospectus Regulation and the Prospectus Regulation Rules made under section 84 of FSMA and made available to the public for the purposes of section 85 of FSMA.

This Prospectus has been approved by the FCA of 12 Endeavour Square, London E20 1JN, as competent authority under the Prospectus Regulation. Contact information relating to the FCA can be found at <http://www.fca.org.uk/contact>. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in securities. This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation.

**Potential investors are recommended to seek advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom, before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 11 to 17 of this Prospectus.**

The Company, whose registered office appears on page 23 of this Prospectus, and the Directors and the Proposed Additional Directors, whose names appear on page 23 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company, the Directors and the Proposed Additional Directors, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

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## **Murray Income Trust PLC**

*(Incorporated in Scotland with registered number SC012725 and registered as an investment company under section 833 of the Companies Act 2006)*

### **Prospectus relating to the Issue of New Shares pursuant to a scheme of reconstruction of Perpetual Income and Growth Investment Trust plc under section 110 of the Insolvency Act 1986**

***Sponsor & Financial Adviser***

**Investec Bank plc**

***Investment Manager***

**Aberdeen Asset Managers Limited**

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Applications will be made to the FCA and the London Stock Exchange for all of the New Shares to be admitted to the premium segment of the Official List under Chapter 15 of the Listing Rules and to trading on the Main Market. The ISIN for the New Shares admitted to trading is: GB0006111123.

Investec Bank plc ("**Investec**"), which is authorised in the United Kingdom by the PRA and regulated by the FCA and the PRA, is acting exclusively for the Company and for no one else in relation to the Issue, the Scheme and the other arrangements referred to in this Prospectus. Investec will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to the Issue, the Scheme and the other arrangements referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to the Issue, the Scheme, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus.

Apart from the responsibilities and liabilities, if any, which may be imposed on Investec by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, Investec accepts no responsibility whatsoever for the contents of this Prospectus or for any statement made or purported to be made by it or on its behalf in connection with the

Company, the Issue, the Scheme or the Shares. Investec (and its affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

Investec and its affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and/or the AIFM which they would have received customary fees. Investec and its affiliates may provide such services to the Company and/or the AIFM and any of their respective affiliates in the future.

The contents of this Prospectus are not to be construed as legal, financial, business, investment or tax advice. PLI Shareholders should consult their own legal adviser, financial adviser or tax adviser for legal, financial, business, investment or tax advice. Investors must inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, repurchase or other disposal of New Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of, or subscription for New Shares. Investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, financial, business, investment, tax, or any other related matters concerning the Company and an investment therein. None of the Company, the AIFM, the Investment Manager or Investec nor any of their respective representatives is making any representation to any offeree or purchaser of New Shares regarding the legality of an investment in the New Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. No action has been taken by the Company or Investec that would permit an offer of the New Shares or possession or distribution of this Prospectus or any other offering or publicity material in any jurisdiction where action for that purpose is required, other than in the United Kingdom. Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The New Shares described in this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or the securities laws of any states of the United States or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. Accordingly, the New Shares may not (unless an exemption from such legislation or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. The Company will not be registered under the United States Investment Company Act of 1940 (as amended) and investors will not be entitled to the benefits of such legislation. Persons resident in territories other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of the New Shares.

PLI Shareholders who are resident in, or citizens of, territories outside of the United Kingdom should read the section headed "Overseas Shareholders" in Part 8 (*Details of Issue and Scheme*) of this Prospectus.

The publication or delivery of this Prospectus shall not under any circumstances imply that the information contained in this Prospectus is correct as at any time subsequent to the date of this Prospectus or that there has not been any change in the affairs of the Company since that date.

The Prospectus has been drawn up in accordance with the Prospectus Regulation. No arrangement has however been made with the competent authority in any other EEA State (or any other jurisdiction) for the use of this Prospectus as an approved prospectus in such jurisdiction and accordingly no public offer is to be made in such jurisdictions.

**Without limitation, neither the contents of the Website, the AIFM's website, Investec's website, the Investment Manager's website, the Depositary's website (or any other website) nor the content of any website accessible from hyperlinks on the Website or the AIFM's website (or any other website) is incorporated into, or forms part of this Prospectus, or has been approved by the FCA.**

12 October 2020

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# PROSPECTUS REGULATION SUMMARY

## 1. Introduction, containing warnings

This summary should be read as an introduction to this Prospectus and any decision to invest in securities should be based on consideration of this Prospectus as a whole by the investor. The investor could lose all or part of its invested capital. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

The Company is issuing securities under the Prospectus pursuant to the Scheme. The securities which the Company intends to issue are Ordinary Shares, whose ISIN is GB0006111123 and SEDOL is 0611112. The Company can be contacted by writing to its registered office, 1 George Street, Edinburgh, Scotland, EH2 2LL or by calling, within business hours, Freephone: 0808 500 0040 or emailing [murray.income@aberdeenstandard.com](mailto:murray.income@aberdeenstandard.com). The Company's LEI number is 549300IRNFGVQIQHUI13.6. The Prospectus was approved on 12 October 2020 by the FCA of 12 Endeavour Square, London E20 1JN. Contact information for the FCA can be found at <https://www.fca.org.uk/contact>.

## 2. Key information on the issuer

### 2.1 Who is the issuer of the securities?

The Company is a public company with limited liability incorporated in Scotland and domiciled in the United Kingdom. The Company is an investment company under section 833 of the Companies Act 2006. It is subject to the Listing Rules and the DTR and operates under the Companies Act 2006 and regulations made thereunder. The Company's LEI number is 549300IRNFGVQIQHUI13.

The Company's principal activity is investing in a portfolio principally of UK equities. The AIFM has been appointed to manage the Portfolio in accordance with the Management Agreement and the Company's investment policy, and the AIFM has sub-delegated this responsibility to the Investment Manager.

As at close of business on 8 October 2020, being the latest practicable date prior to the publication of this Prospectus, in so far as it is known to the Company, the following persons held directly or indirectly 3 per cent. or more of the Company's voting rights:

Name	Number of voting rights held	% of voting rights held
Aberdeen Asset Managers Limited Retail Plans	12,314,143	18.63
Rathbones	10,579,249	16.0
Hargreaves Lansdown	5,999,906	9.08
Interactive Investor	4,513,447	6.83

As at close of business on 8 October 2020, being the latest practicable date prior to the publication of this Prospectus, 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. All Shareholders have the same voting rights in respect of the Ordinary Shares.

The Board is comprised of Donald Cameron, Stephanie Eastment, Jean Park, Neil Rogan, Merryn Somerset Webb and Peter Tait and, if the Scheme is implemented, will also include the Proposed Additional Directors. The Company's auditor is PricewaterhouseCoopers LLP of 1 Embankment Place, London, WC2N 6RH.

## 2.2 What is the key financial information regarding the issuer?

### 2.2.1 Selected historical financial information

Selected audited financial information relating to the Company, summarising the financial condition of the Company for the financial year ended 30 June 2020, is set out in the following tables:

#### *Information relevant to closed end funds*

Share Class	Total NAV (£'000)	No. of Ordinary Shares (excluding treasury)	NAV per Share	Historical performance of the fund
Ordinary	534,361	66,110,413	808.3p	The Company has delivered cumulative total return NAV per Share and cumulative Ordinary Share price total returns of 6.6 per cent. and 10.9 per cent., respectively, since 31 August 2017; 36.3 per cent. and 37.9 per cent, respectively, since 31 August 2015; and 113.7 per cent. and 109.4 per cent. respectively, since 31 August 2010.

#### *Statement of Comprehensive Income*

	Year ended 30 June 2020		
	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	Nil	(47,204)	(47,204)
Currency (losses)/gains	Nil	(115)	(115)
Income	22,804	Nil	22,804
Investment management fees	(798)	(1,861)	(2,659)
Administrative expenses	(1,105)	Nil	(1,105)
Net return before finance costs and tax	20,901	(49,180)	(28,279)
Finance costs	(342)	(800)	(1,142)
Net return before tax	20,559	(49,980)	(29,421)
Taxation	(395)	Nil	(395)
Net return after tax	20,164	(49,980)	(29,816)
Return per Ordinary Share	30.5p	(75.6)p	(45.1)p

#### *Balance sheet for closed end funds*

	30 June 2020 (£'000)
<b>Total Net Assets</b>	£534,361
<b>Leverage ratio (calculated under AIFMD) (unaudited)</b>	Gross 1.14:1 Commitment 1.17:1

Neither pro forma financial information nor any qualified audit report has been included in this Prospectus.

### 2.3 What are the key risks that are specific to the issuer?

The attention of the PLI Shareholders is drawn to the risks associated with an investment in the Company which, in particular, include the following:

- (a) the past performance of the Company or of other funds managed by the Investment Manager set out in this Prospectus is not indicative, or intended to be indicative, of future performance or results of the Company and the future performance and results of the Company are subject to fluctuating market conditions, changes in macro-economic factors and the availability of financing;
- (b) the Company may not achieve its investment objective. The Company is dependent upon the Investment Manager's successful implementation of its investment strategy and ultimately on its ability to create an investment portfolio capable of generating attractive returns;
- (c) there is a risk that the Company fails to generate sufficient income from its Portfolio to meet the Company's dividend objectives;
- (d) the Company uses credit facilities in the form of both long term fixed debt and also revolving credit facilities to increase the funds available for investment. Whilst this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental;
- (e) the Company has outsourced all its operations to third party service providers. Failure by any service provider to carry out its obligations in accordance with the terms of its appointment could have a material adverse effect on the Company's business prospects and results of operations; and
- (f) if the Company fails to maintain its status as an investment trust for the purposes of CTA 2010 and the Investment Trust Regulations, it would result in the Company not being able to benefit from the current exemption for investment trusts from UK tax on chargeable gains and could affect the Company's ability to provide returns to Shareholders.

## 3. Key Information on the Securities

### 3.1 What are the main features of the securities?

#### 3.1.1 Description and class of securities

The New Shares are ordinary shares with a nominal value of 25 pence each, whose ISIN is GB0006111123. The Ordinary Shares are denominated in Sterling. As at 8 October 2020, being the latest practicable date prior to the publication of this Prospectus, the Company had 66,110,413 fully paid Ordinary Shares of 25 pence each with voting rights in issue and an additional 2,483,045 Ordinary Shares in treasury.

#### 3.1.2 Rights attaching to the New Shares

The New Shares will rank equally in all respects (including voting rights) with each other and the existing Ordinary Shares in issue other than in respect of dividends declared prior to the Effective Date. In summary, the rights attaching to the Ordinary Shares are:

Dividend	Subject to the provisions of the Companies Act 2006, the Company may from time to time declare dividends and make other distributions on the Ordinary Shares.
Rights in respect to capital	On a winding-up, after meeting the liabilities of the Company, the surplus assets will be paid to Shareholders in proportion to their shareholdings.
Voting	Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares, Shareholders shall have the right to receive notice of, attend and vote at general meetings of the Company and on a poll, to one vote for each Ordinary Share held.

### 3.1.3 Restrictions on the free transferability of Ordinary Shares

There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with applicable securities laws.

### 3.1.4 Dividend policy

As the investment objective of the Company is to aim for a high and growing income combined with capital growth, the Company does not have any formal policy to achieve any specified level of dividend in any year. The Company's policy is to pay at least four interim dividends per year. The Company currently pays four interim dividends in each calendar year in March, June, September and December. The Company has increased its dividend in each of the last 47 years.

In respect of the first three interim dividends for the year ending 30 June 2021, the Directors intend to declare an enhanced First Interim Dividend, the Second Interim Dividend and the Third Interim Dividend. The aggregate of the First Interim Dividend, the Second Interim Dividend and the Third Interim Dividend amounts to 24.75 pence, being the same aggregate amount paid in respect of the first interim dividend, the second interim dividend and the third interim dividend for the year ended 30 June 2020. The First Interim Dividend will be time-weighted to the period from 1 July 2020 to the Effective Date, with a record date prior to the Effective Date and the Second Interim Dividend will be time-weighted to the period from the Effective Date to 31 December 2020 with a record date after the Effective Date. The holders of New Shares will not be entitled to the First Interim Dividend but rather will receive (prior to the Effective Date) a pre-liquidation special dividend from PLI as a holder of PLI Shares to reflect the distribution of PLI's revenue reserve (including current year net income to date). The holders of New Shares will be entitled to the Second Interim Dividend and the Third Interim Dividend and to any other dividends with a record date after the Effective Date.

### 3.2 Where will the securities be traded?

Applications will be made to the FCA and the London Stock Exchange for the New Shares to be admitted to the premium segment of the Official List under Chapter 15 of the Listing Rules and to trading on the Main Market. The existing Ordinary Shares are already traded there.

### 3.3 What are the key risks specific to the securities?

The attention of PLI Shareholders is drawn to the risks associated with an investment in the New Shares which, in particular, include the following:

- (a) the market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors. The market value of the Ordinary Shares may therefore vary considerably from the Company's underlying NAV;
- (b) the Company is not required to issue Ordinary Shares in the event that the Ordinary Shares trade at a premium to the Company's underlying NAV, which may affect the liquidity in the Ordinary Shares;
- (c) the Ordinary Shares could trade at a value materially below their NAV for a prolonged period of time;
- (d) there can be no assurance that the Ordinary Shares of the Company will be repurchased by the Company even if they trade materially below their NAV;
- (e) the Ordinary Shares could trade at a premium to the Company's underlying NAV, meaning that the price at which the Ordinary Shares can be purchased in the market is materially higher than the Company's underlying NAV; and
- (f) there can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

#### 4. Key information on the offer of securities to the public and/or the admission to trading on a regulated market

4.1 Under which conditions and timetable can I invest in this security?

##### 4.1.1 Terms and conditions

The Scheme is conditional upon:

- (a) the passing of the resolutions at the PLI General Meetings and any conditions of such resolutions being fulfilled;
- (b) the passing of the resolutions to approve the payment of dividends from the Company's capital profits and the issue of the New Shares at the General Meeting;
- (c) the FCA agreeing to admit the New Shares to the Official List and the London Stock Exchange agreeing to admit the New Shares to trading on its Main Market, subject only to allotment;
- (d) the PLI Note Novation Agreement becoming unconditional in all respects, other than any condition relating to the Scheme becoming effective; and
- (e) the PLI Directors resolving to proceed with the Scheme.

Unless the conditions set out above have been satisfied or, to the extent permitted, waived by the Company and PLI at or before 31 December 2020, the Scheme shall not become effective.

##### 4.1.2 Expected timetable:

Record Date for entitlement under the Scheme	6.00 p.m. on 6 November 2020
General Meeting of the Company	10.30 a.m. on 9 November 2020
First General Meeting of PLI in relation to the Scheme	11.00 a.m. on 9 November 2020
Calculation Date for the Scheme	5.00 a.m. on 12 November 2020
Closing of PLI's register of members	7.30 a.m. on 17 November 2020
Second General Meeting of PLI in relation to the Scheme	11.00 a.m. on 17 November 2020
Effective Date for the Scheme	17 November 2020
Admission of the Ordinary Shares and dealings commence	8.00 a.m. on 18 November 2020
CREST accounts credited in respect of Ordinary Shares issued in uncertificated form	as soon as practicable after 8.00 a.m. on 18 November 2020
Certificates despatched in respect of Ordinary Shares issued in certificated form	week commencing 23 November 2020

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*Notes:*

(1) *References to times above and in this Prospectus generally are to London times unless otherwise specified.*

(2) *All times and dates in the expected timetable and in this Prospectus may be adjusted by the Company. Any material changes to the timetable will be notified through a RIS.*

##### 4.1.3 Details of Admission

Applications will be made to the FCA and the London Stock Exchange for the New Shares to be admitted to the premium segment of the Official List under Chapter 15 of the Listing Rules and to trading on the Main Market. The existing Ordinary Shares are already traded there. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List on 18 November 2020, and the first day of dealings in such New Shares on the Main Market will be 18 November 2020.

#### 4.1.4 Distribution

The New Shares will be available to be issued in either certificated form or uncertificated form. Where applicable, share certificates are expected to be dispatched by post in the week commencing 23 November 2020.

#### 4.1.5 Dilution

Existing Shareholders are not able to participate in the Issue and will suffer a dilution to the percentage of the issued share capital that their current holding represents based on an actual number of New Shares issued. For the avoidance of doubt, the value of the underlying assets and the NAV per Share attributable to the Existing Shareholders will not be altered as a direct consequence of the Scheme becoming effective.

For illustrative purposes only, had the Calculation Date been 8 October 2020 (being the latest practicable date prior to the publication of this Prospectus), and assuming that no PLI Shareholders exercise their right to dissent from participation in the Scheme and that:

- (a) the maximum amount is elected for the Cash Option, so that 52,003,571 million New Shares were issued, Existing Shareholders would have suffered a dilution of approximately 44.0 per cent. to their existing percentage holdings; or
- (b) all PLI Shareholders had elected to receive New Shares, so that 64,681,058 million New Shares were issued, Existing Shareholders would have suffered a dilution of approximately 49.5 per cent. to their existing percentage holdings.

#### 4.1.6 Expenses of the Scheme and Issue

Subject as noted below, in the event that the Scheme is implemented, the Company and PLI have each agreed to bear their own costs associated with the Scheme. The fixed costs of the Proposals payable by the Company are estimated to be approximately £633,000 (including irrecoverable VAT).

Any costs of realignment/realisation of the PLI portfolio prior to the Scheme becoming effective will be borne by PLI. Any stamp duty, SDRT or other transaction tax, or investment costs incurred by the Company on the acquisition of the Rollover Pool or the deployment of the cash therein upon receipt and listing fees in relation to the listing of the New Shares, will be borne by the Enlarged Company.

In the event that the Company resolves not to proceed to implement the Proposals on the terms agreed then the Company will bear the abort costs incurred by the Company and PLI in connection with the Proposals. In the event that PLI resolves not to proceed to implement the Proposals on the terms agreed then PLI will bear the abort costs incurred by the Company and PLI in connection with the Proposals. In the event that both the Company and PLI resolve not to proceed to implement the Proposals on the terms agreed or do not obtain the required approvals then each party will bear its own costs.

The AIFM has agreed to waive the management fee payable by the Company in respect of the net assets transferred to the Company for the first 182 days following the completion of the Scheme..

## 4.2 Why is the Prospectus being produced?

### 4.2.1 Reasons for the Issue

The Board of PLI announced on 6 April 2020 and 15 May 2020 that it was undertaking a review of PLI's manager arrangements in order to identify a new manager to oversee PLI's portfolio following an extended period of underperformance relative to its benchmark. The competitive review was completed in July, with the Board of PLI having been impressed by the proposals put forward by the Investment Manager in conjunction with the Board, concluding that the Combination would bring additional benefits to PLI Shareholders by offering exposure to ASI's UK Equity strategy, with the combined portfolio to be managed by the Investment Manager. The Board of PLI and the Board each announced on 29 July 2020 that heads of terms for the Combination had been agreed.

Under the proposed terms of the Scheme, subject to the satisfaction of the Conditions, PLI will be placed into members' voluntary liquidation and the Scheme will take effect. It is expected that on the Effective Date, the cash, undertaking and other assets of PLI comprising the Rollover Pool, will

be transferred to the Company pursuant to the Transfer Agreement in consideration for the issue of New Shares to the Liquidators, who will renounce the New Shares in favour of the PLI Shareholders who elect or are deemed to have elected for the Rollover Option.

PLI Shareholders may elect to receive cash instead of New Shares in respect of some or all of their holdings in PLI at a discount of 2 per cent. to the Residual NAV per PLI Share. The Cash Option will be limited to 20 per cent. of PLI Shares in issue (excluding PLI Shares in treasury), with aggregate excess Elections for the Cash Option in excess of this percentage scaled back on a *pro rata* basis by way of the rollover into the Company. The Rollover Option will be the default option for the Scheme. To the extent that an Overseas Shareholder would otherwise receive New Shares under the Scheme, either because no Election for the Cash Option was made or because an Excess Application for the Cash Option is scaled back in accordance with the Scheme, then such New Shares will be sold by the Liquidators in the market and the net proceeds paid to the relevant Overseas Shareholder.

The Board believes that the Combination has the following benefits to Shareholders: (i) Shareholders of the Enlarged Company will immediately benefit from an enlarged capital base which will result in a significant reduction of the weighted average annual management fee to an estimated 0.38 per cent. per annum; (ii) it will result in a reduction of the estimated pro forma ongoing charges ratio of the Company to 0.50 per cent. per annum; (iii) the increase in the size of the Company should mean that the Ordinary Shares have enhanced liquidity in the secondary market; and (iv) with Gross Assets of the Enlarged Company expected to be in excess of £1 billion, the Company should have an enhanced profile as one of the largest investment trusts in the UK Equity Income sector.

#### 4.2.2 Use and estimated net amount of the proceeds

The Proposals will not result in any proceeds being raised by the Company. The New Shares are being issued to the PLI Shareholders in consideration for the transfer of the Rollover Pool.

#### 4.2.3 Indication as to whether the offer is subject to an underwriting agreement

The Issue has not been underwritten.

#### 4.2.4 Conflicts of interest

The AIFM, the Investment Manager and their affiliates serve as the alternative investment fund manager, investment manager and/or investment adviser to other clients, including funds and managed accounts that have similar investment objectives and policies to that of the Company. These investment management services may on occasion give rise to conflicts of interest with the Company and may have a material adverse effect on the Company's business, financial condition, results of operations and the market price of the Ordinary Shares. For example, the AIFM, the Investment Manager and/or their affiliates may have conflicts of interest in allocating its time and activity between the Company and their other clients, in allocating investments among the Company and their other clients and in effecting transactions between the Company and other clients, including ones in which the AIFM, the Investment Manager and/or their affiliates may have a greater financial interest. Furthermore, the AIFM and the Investment Manager may provide services to certain in-house funds into which the Company may invest which may give rise to a conflict of interest. There can be no assurance that the AIFM and the Investment Manager will resolve all conflicts of interest in a manner that is favourable to the Company. Save as aforesaid, there are no conflicting interests that are material to the Issue.

## PART 1: RISK FACTORS

PLI Shareholders should consider carefully the following risk factors in addition to the other information presented in this Prospectus. If any of the risks described below were to occur, it could have a material effect on the Company's business or financial condition or the results of its operations. Additional risks not currently known to the Company, or that the Company currently believes are not material, may also adversely affect its business, its financial condition and the results of its operations. The value of the Ordinary Shares could go down due to any of these risk factors, and Shareholders could lose part or all of their investment.

### 1. Risks relating to the Company's business

#### 1.1 The past performance of the Company and the Investment Manager is not a guarantee of the future performance of the Company

The past performance of the Company is not indicative, or intended to be indicative, of future performance or results of the Company for several reasons. For example, the future performance and results of the Company are subject to fluctuating market conditions, changes in macro-economic factors and the availability of financing. Accordingly, there can be no guarantee that the future performance of the Company will reflect the historic performance of the Company.

The past performance of other funds managed by the Investment Manager (which have a markedly different risk profile from the Company) is not indicative, or intended to be indicative, of future performance or results of the Company.

#### 1.2 Adverse market conditions could have a significant impact on the Company and the value of its Portfolio

The value of the equity securities in the Portfolio may fluctuate and there is no guarantee that the amounts invested by the Company will be returned in whole or in part. Such investments entail a certain degree of risk and stock markets may periodically experience volatility as a result of adverse macroeconomic conditions, political instability and uncertainty, inflation, adverse weather events, war, terrorism, civil disturbances and other unpredictable factors. The value of the Company's investments could be significantly reduced by such factors both globally and in the UK. Adverse macroeconomic conditions or the materialisation of one or more of the above factors could have a material adverse effect on the Company's results of operations and the value of the Ordinary Shares.

In particular, the spread of Covid-19 has adversely affected markets and world economies. Continued proliferation of Covid-19 may adversely affect the Portfolio, which could be more or less adverse depending on, among other things: geographical range, infection rates, severity and mortality of the virus; the types of measures taken by governments and private organisations to prevent the spread of the virus; the timing and efficacy of a vaccine; and the effect of the virus on global markets and interest rates. Responses have included lock downs, discouraging travel, quarantines and bans on public events, each of which can adversely affect commerce, spending, local economies and businesses dependent on transportation and personal interaction.

In addition, the effects of such adverse market conditions could be amplified by the presence of short-sellers on the Company's register of members.

#### 1.3 Uncertainty surrounding the negotiation and terms of the trade deal proposed to be entered into following the UK's withdrawal from the EU could have a material adverse effect on the value of the Ordinary Shares

As noted above, political instability or uncertainty could have a material adverse effect on the Company's results of operations and the value of the Ordinary Shares. In particular, the Company considers that the United Kingdom's withdrawal from the EU and the current absence of an agreement on the long-term nature of the UK's relationship with the EU following the end of the transition period, will create an uncertain political and economic environment in the UK and other EU Member States that could potentially last for a number of months or years. There is a material risk that the UK and the EU will not have agreed a long-term trade deal by the end of the transition

period. The terms of any such trade deal (or the failure to agree mutually acceptable terms before the end of the transition period), and the accompanying political and economic uncertainty surrounding the UK's withdrawal from the EU, could result in deteriorating macroeconomic conditions, stock market uncertainty and/or dramatic fluctuations in pound Sterling exchange rates, any of which could have a material adverse effect on the value of the Company's investments and accordingly, on the value of the Ordinary Shares.

#### **1.4 Uncertainty surrounding a possible second referendum on Scottish independence could have a significant impact on the Company**

Scotland's First Minister announced on 1 September 2020 in her annual programme for government that she has revived plans for a possible second referendum on Scottish independence from the rest of the UK. It is uncertain whether any such referendum will in fact occur, what the outcome would be, and, if a referendum occurred and Scotland voted to leave the UK, what Scotland's future relationship with the rest of the UK and the EU would be. If a second referendum did occur and Scotland voted to leave the UK, it is understood that this would result in significant additional constitutional, political, regulatory and economic uncertainty. It would also likely significantly impact the fiscal, monetary, legal and regulatory landscape in which the Company operates. As an example, investment trusts which are incorporated in Scotland and resident for tax purposes in the UK are currently subject to the UK corporation tax regime, under which trusts approved by HMRC are subject to corporation tax on their investment income but exempt from tax on capital gains. Further, in common with other UK-resident companies, investment trusts are generally exempt from corporation tax in respect of dividend income. Were Scotland to become independent, the Company's liability for taxes on its income and capital gains may change, with potentially negative financial implications for the Company and/or its Shareholders.

#### **1.5 There can be no assurance that the Investment Manager will be successful in achieving the Company's investment objectives**

The Company is dependent upon the Investment Manager's successful implementation of the Company's investment policy and ultimately on its ability to create an investment portfolio capable of generating attractive returns. This implementation will be subject to a number of factors, including market conditions and the timing of investments relative to market cycles, many of which (particularly over the short term) are beyond the control of the Company and difficult to predict.

#### **1.6 The Company may not generate sufficient income from its Portfolio**

There is a risk that the Company fails to generate sufficient income from its Portfolio to meet the Company's investment objective of a high and growing income combined with capital growth. While the Company has increased its dividend in each of the last 47 years there can be no assurance it will continue to do so.

The Company's ability to make distributions is dependent on a number of factors, including the level of dividends and interest earned from its Portfolio and the net revenue profits after tax available for that purpose. Income returns from the Portfolio will be dependent, amongst other things, upon the Company successfully pursuing its investment objective.

Any change in the tax treatment of dividends received by the Company from investments or income received by the Company may reduce the distributions made to Shareholders. Any change to the basis upon which dividends can be paid by the Company under UK law or accounting rules and standards could have an adverse effect on the Company's ability to pay dividends or distributions.

A cut in the dividend of the Company would be likely to cause a drop in the price of the Ordinary Shares and would end the Company's AIC dividend hero status.

The Board has proposed that the prohibition of the distribution of capital profits as contained in the Articles be removed to provide the Board with increased flexibility in relation to the payment of dividends in the future. Whilst the Board does not presently intend to change its approach to the payment of dividends by utilising this new power to pay dividends out of capital, it may seek to use this power in the future where it considers it is in the best interests of Shareholders to do so. If the Board chooses to make distributions out of capital in any particular financial year, there will be a greater probability that the capital value of the Portfolio (and hence its ability to generate income in

the future) will decrease. Payment of dividends out of capital may also be less tax efficient for certain Shareholders, depending upon their individual circumstances.

### **1.7 The Company may use gearing to seek to enhance investment returns**

The Company may use borrowings and other gearing to seek to enhance investment returns. Whilst the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is positive and exceeds the cost of the borrowings, it will have the opposite effect where the return on the Company's underlying assets is at a lower rate than the cost of the borrowings, reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the NAV per Share.

As a result of gearing, any reduction in the value of the Company's investments may lead to a correspondingly greater percentage reduction in its NAV (which is likely to adversely affect the price of an Ordinary Share). Any reduction in the number of Ordinary Shares in issue (for example, as a result of share buy-backs) will, in the absence of a corresponding reduction in gearing, 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. No assurance can be given that any sales of the Company's investments would realise proceeds which would be sufficient to repay any borrowings.

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

The Company's long term debt, the quantum of which will be materially increased by the novation of the PLI Notes to the Company as part of the Proposals, is subject to provisions which penalise the Company if it seeks to repay the debt before its intended maturity date. While the Board considers that the fixed rate of borrowing over an extended period is of benefit to the Company, if the Company were to terminate the arrangements for any reason, it would be costly to do so.

The Company will pay interest on any borrowings and, as such, the Company will be exposed to interest rate risk due to fluctuations in the prevailing market rates. The Company may employ hedging techniques designed to reduce the risk of adverse movements in interest rates. However, such strategies may also result in losses and overall poorer performance than if the Company had not entered into such hedging transactions.

### **1.8 The Company must be able to operate within its banking and loan note covenants**

The borrowings which the Company uses contain minimum net worth or minimum Net Asset Value covenants, and net worth to gross borrowings covenants, being the accepted market practice. If assets owned by the Company decrease in value, such covenants could be breached, and the impact of such an event could include: an increase in borrowing costs; a call for additional capital from the lender; payment of a fee to the lender; a sale of an asset; or acceleration of the debt and enforcement of any associated security granted in support of the debt. This could result in a total or partial loss of equity value for each specific asset, or indeed the Company as a whole.

### **1.9 The Company has outsourced all of its operations to third party operators**

The Company has outsourced all its operations to third party service providers. Failure by any service provider to carry out its obligations in accordance with the terms of its appointment could have a material adverse effect on the Company's business prospects and results of operations. Such failures could include cybersecurity breaches, which are described in further detail below, or other IT failures, fraud (including unauthorised payments by the Company Secretary), poor record keeping and loss of assets and failure to collect all the Company's dividend income.

### **1.10 The Company is subject to the risk of cybersecurity breaches**

The Company and its service providers (including the Investment Manager) may be prone to operational, information security and related risks resulting from failures of or breaches in cybersecurity.

A failure of, or breach in, cybersecurity (“**cyber incidents**”) may cause disruption and impact business operations, potentially resulting in financial losses, interference with the ability to calculate the Net Asset Value, impediments to trading, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs.

While the Company’s service providers and the Investment Manager have established business continuity plans in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cyber incidents, there are inherent limitations in such plans, strategies, systems, policies and procedures, including the possibility that certain risks have not been identified. Furthermore, none of the Company, the Investment Manager and/or the other service providers can control the cybersecurity plans, strategies, systems, policies and procedures put in place by the entities in which the Company invests.

**1.11 The value of the Ordinary Shares could be adversely affected by exchange rate movements between pounds Sterling and other currencies that the Company’s investments may be denominated in**

The Ordinary Shares are denominated in pounds Sterling and, while the majority of the Company’s investments are also denominated in pounds Sterling, the Company is permitted to invest up to 20 per cent. of its Gross Assets in other overseas-listed equities and securities; and as at the date of this Prospectus around 14 per cent. of the current Portfolio is invested in securities listed on exchanges outside of the UK. Accordingly, the Company’s NAV is subject to the risk of movements in exchange rates i.e. the pound Sterling value of the Company’s investments that are not denominated in pounds Sterling may rise or fall solely on account of exchange rate fluctuations (including, *inter alia*, short term exchange rate fluctuations arising from the UK’s withdrawal from the EU). The Company does not fully hedge its currency exposures, and changes in exchange rates may lead to a depreciation in the Company’s NAV.

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

**2.1 The AIFM, the Investment Manager and their affiliates may allocate some of their 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 AIFM and the Investment Manager are not required to commit all of their resources to the Company’s affairs. Insofar as the AIFM and the Investment Manager devote resources to their responsibilities to other business interests, their ability to devote resources and attention to the Company’s affairs will be limited. This could adversely affect the Company’s ability to achieve its investment objective, which could have a material adverse effect on the Company’s profitability, the NAV per Share and the market price of the Ordinary Shares.

**2.2 Potential conflicts of interest**

The AIFM, the Investment Manager and their affiliates serve as the alternative investment fund manager, investment manager and/or investment adviser to other clients, including funds and managed accounts that have similar investment objectives and policies to that of the Company. These investment management services may on occasion give rise to conflicts of interest with the Company and may have a material adverse effect on the Company’s business, financial condition, results of operations and the market price of the Ordinary Shares. For example, the AIFM, the Investment Manager and/or their affiliates may have conflicts of interest in allocating its time and activity between the Company and their other clients, in allocating investments among the Company and their other clients and in effecting transactions between the Company and other clients, including ones in which the AIFM, the Investment Manager and/or their affiliates may have a greater financial interest. Furthermore, the AIFM and the Investment Manager may provide services to certain in-house funds into which the Company may invest which may give rise to a conflict of interest. There can be no assurance that the AIFM and the Investment Manager will resolve all conflicts of interest in a manner that is favourable to the Company.

### **3. Risks relating to the Shares**

#### **3.1 The market price of the Ordinary Shares may fluctuate widely in response to different factors and there can be no assurance that the Ordinary Shares of the Company will be repurchased by the Company even if they trade materially below their NAV**

The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, amongst other things, additional issuances or future sales of the Ordinary Shares or other securities exchangeable for, or convertible into, its Ordinary Shares in the future, the addition or departure of Board members or individuals at the Investment Manager, divergence in financial results from stock market expectations, changes in stock market analyst recommendations or the investment trust sector as a whole, the Company or any of its assets, a perception that other market sectors may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes affecting investment trusts or the Company's investments and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Ordinary Shares. The market value of the Ordinary Shares may therefore vary considerably from the Company's underlying NAV.

In particular, although the Company has put in place certain measures to narrow any discount at which the Ordinary Shares may trade, there can be no assurance that the Directors will choose to implement such measures or that such measures will be successful in narrowing such a discount. Accordingly, it is possible that the Ordinary Shares could trade at a value materially below their NAV for a prolonged period of time and there can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

On the other hand, as a closed-ended vehicle, the Company is not required to issue Ordinary Shares in the event that the Ordinary Shares trade at a premium to the Company's underlying NAV. Accordingly, it is possible that the price at which the Ordinary Shares can be purchased in the market will be materially higher than the Company's underlying NAV; equally, the finite number of Ordinary Shares in existence may affect their availability, and hence their liquidity.

#### **3.2 The Company may issue additional Ordinary Shares that dilute existing Shareholders and may adversely affect the market price of the Ordinary Shares**

Subject to legal and regulatory requirements, the Company may issue additional Ordinary Shares. Any additional issuances by the Company, or the possibility of such issue, may cause the market price of the existing Ordinary Shares to decline. Furthermore, although Ordinary Shares may not be issued at a discount to their prevailing NAV per Share (unless they are first offered *pro rata* to existing Shareholders, or the issuance is otherwise authorised by Shareholders), the relative voting percentages of existing holders of Ordinary Shares may be diluted by further issues of Ordinary Shares.

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

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

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions under section 1158 of CTA 2010 and the Investment Trust Regulations and, accordingly, for the Company to retain approval as an investment trust. In respect of each accounting period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on chargeable gains. There is a risk that if the Company fails to maintain its status as an investment trust, the Company would be subject to the normal rates of corporation tax on chargeable gains arising on the transfer or disposal of investments and other assets, which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders. In addition, it is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the Ordinary Shares are freely transferable. In the event that the Company fails to continue to satisfy the criteria for maintaining investment trust status, the Company will, as soon as reasonably practicable, notify Shareholders of this fact.

## **4.2 Changes in tax legislation or practice**

Statements in this Prospectus concerning the taxation of Shareholders or the Company are based on current UK taxation law and HMRC published practice as at the date of this Prospectus.

Any changes to the tax status of the Company or any of its underlying investments, or to tax legislation or practice (whether HMRC practice in the UK or in jurisdictions in which the Company invests), could affect the value of 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 the applicable rates of tax and availability of reliefs).

Prospective investors should consult their tax advisers with respect to their own tax position before deciding whether to invest in the Company.

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

The AIFMD shall continue to apply to the AIFM and the Company until the expiry of the transition period. The AIFMD seeks to regulate alternative investment fund managers and imposes obligations on alternative investment fund managers in the EU, those who market shares in such funds to EU investors and certain other service providers, such as depositaries. It is currently expected that it will continue to apply to the AIFM and the Company in substantially similar form to the current legislation following the end of the transition period. In order to maintain authorisation under the AIFMD, alternative investment fund managers and depositaries need to comply with various organisational, operational and transparency obligations, which may create significant additional compliance costs, some of which may be passed to investors in the alternative investment funds and may affect dividend returns.

The Company is (until the expiry of the transition period) an EU AIF for the purposes of the AIFMD and related regimes in relevant EU member states. The Company has appointed the AIFM (which, as an EU-alternative investment fund manager is subject to the full requirements of the AIFMD), as its alternative investment fund manager.

Following the end of the transition period (and subject to any long-term arrangements agreed between the UK and EU) the Company will become a non-EU AIF which is managed by a non-EU AIFM. Accordingly, the AIFM will no longer be entitled to market the Ordinary Shares in EU Member States pursuant to the passporting rules set out in the AIFMD. Instead, the AIFM will be required to rely on the individual national private placement regimes in each Member State (which are not harmonised) if it wishes to market the Ordinary Shares in the EU.

## **5. Risk relating to the Scheme**

Implementation of the Scheme is conditional, amongst other conditions, upon the approval of Existing Shareholders at the General Meeting and PLI Shareholders approving the Scheme. If any condition of the Scheme is not met, the Scheme will not be implemented and certain costs and expenses incurred in connection with the Scheme may be borne by the Company. In these circumstances, the Company and PLI would remain as separate investment trusts.

## **6. Risk relating to the use of derivatives as a means of enhancing returns**

The Company may use derivatives for the purpose of enhancing Portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy. The Company's Portfolio yield is supplemented through the modest use of derivatives in the form of covered options. The Company's use of options and other derivative instruments may result in losses. These instruments, which may pose risks in addition to and greater than those associated with investing directly in securities, may be illiquid or less liquid, volatile, difficult to price and leveraged so that small changes in the value of the underlying instruments may produce disproportionate losses to the Company. Certain derivatives are also subject to counterparty risk, which is the risk that the other party in the transaction will not fulfil its contractual obligation. The use of derivatives is a highly specialised activity that involves investment techniques and risks different from those associated with investments in more traditional securities.

## **7. Risk relating to cash**

A proportion of the Portfolio may be held in cash and cash equivalents from time to time. This proportion of the Company's assets will not be invested in the market and will not benefit from positive market movements.

## **PART 2: IMPORTANT INFORMATION**

### **1. General**

PLI Shareholders should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations in connection with the Issue other than the information contained in, or incorporated by reference into, this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by or on behalf of the Company, the AIFM, the Investment Manager, Investec or any of their respective affiliates, officers, directors, members, employees or agents.

Without prejudice to the Company's obligations under applicable law and regulations, neither the delivery of this Prospectus nor the issue of New Shares made pursuant to the Issue shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus, including any forward-looking statements, is correct as at any time subsequent to the date of this Prospectus.

PLI Shareholders should carefully consider all of the information contained in this Prospectus. However, PLI Shareholders should not treat the contents of this Prospectus or any subsequent communication from the Company, the AIFM, Investec or any of their respective affiliates, officers, directors, members, employees or agents as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other related matters.

### **2. Regulatory information**

The distribution of this Prospectus in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Prospectus and the offering of New Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this Prospectus is received are required to inform themselves about and to observe such restrictions.

### **3. Investment considerations**

PLI Shareholders should inform themselves as to:

- a) the legal requirements within their own countries for the holding, transfer or other disposal of Ordinary Shares;
- b) any foreign exchange restrictions applicable to the holding, transfer or other disposal of Ordinary Shares which they might encounter; and
- c) the income and other tax consequences that may apply in their own countries as a result of the holding, transfer or other disposal of PLI Shares by PLI Shareholders.

PLI Shareholders must rely on their own advisers as to legal, financial, taxation, accounting, regulatory, investment or any other related matters concerning the Company and their holding of Ordinary Shares.

An investment in the Company should be regarded as a long-term investment. There can be no assurance that the Company's investment objectives will be achieved.

It should be remembered that the price of the New Shares, and the income from such New Shares (if any), can go down as well as up.

All PLI Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, (i) the provisions of the Articles of the Company; and (ii) the Board's proposed change to the Articles to allow for the payment of dividends from the Company's capital profits which is subject to shareholder approval at the General Meeting, each of which PLI Shareholders should review. Details

of where the Articles and where the notice of the General Meeting containing the resolution to approve and adopt the new Articles are displayed, can be found in paragraph 14 of Part 11 (*General Information*) of this Prospectus. A summary of the provisions in the Articles relating to the rights attached to the Ordinary Shares, including any limitation of those rights and procedures for the exercise of those rights is set out in paragraph 4.1 of Part 11 (*General Information*) of this Prospectus and a summary of the Board's proposed amendment to the Articles to be approved and adopted at the General Meeting and which, if approved by the Shareholders, will apply as of the Effective Date is set out in paragraph 4.2 of Part 11 (*General Information*) of this Prospectus.

#### **4. Data protection**

The information that PLI provides to the Company or its agents in relation to the Issue or subsequently, by whatever means, which relates to the PLI Shareholders who are individuals or a third party individual ("**personal data**") will be held and processed by the Company (and any third party, functionary or agent in the UK to whom the Company may delegate certain administrative or other functions in relation to the Company, including the Registrar) in compliance with the relevant data protection legislation and regulatory requirements of the UK. Each PLI Shareholder acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company, including the Registrar) for the following purposes:

- a) verifying the identity of the PLI Shareholder to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- b) contacting the PLI Shareholder with information about other products and services provided by the AIFM, the Investment Manager or their affiliates, which may be of interest to the PLI Shareholder;
- c) carrying out the business of the Company and the administering of interests in the Company;
- d) meeting the legal, regulatory, reporting and/or financial obligations of the Company in the UK or elsewhere; and
- e) disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company.

Each PLI Shareholder acknowledges and consents that, where appropriate, it may be necessary for the Company (or any third party, functionary or agent appointed by the Company, including the Registrar) to:

- a) disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to the PLI Shareholder; and
- b) transfer personal data outside of the EEA States to countries or territories which may not offer the same level of protection of personal data as the UK.

If the Company (or any third party, functionary or agent appointed by the Company, including the Registrar) discloses personal data to such a third party, functionary or agent and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, functionary or agent to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

PLI Shareholders are responsible for informing and obtaining any required consent of any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

Each PLI Shareholder acknowledges that personal data provided to the Company by PLI will be held and processed in compliance with the Investment Manager's privacy policy. Please refer to the Website for a copy of the Investment Manager's privacy policy. Shareholders will be notified if an updated privacy policy has been published on the Website through a RIS.

#### **5. Forward-looking Statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking

terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company’s intentions, beliefs or current expectations.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the facts described in Part 1 (*Risk Factors*) of this Prospectus.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this Prospectus reflect the Company’s view with respect to future events as the date of this Prospectus and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s operations and strategy. Save as required by applicable law, or any UK or EU regulatory requirements (including FSMA, MAR, the AIFMD, the Prospectus Regulation, the Prospectus Regulation Rules, the Listing Rules, the Takeover Code and the DTR) the Company is under no obligation publicly to release the results of any revisions to any forward-looking statements in this Prospectus that may occur due to any change in its exceptions or to reflect events or circumstances after the date of this Prospectus.

Given these uncertainties, PLI Shareholders are cautioned not to place any undue reliance on such forward-looking statements and should carefully consider Part 1 (*Risk Factors*) of this Prospectus for a discussion of additional factors that could cause the Company’s actual results to differ materially before making any investment decision.

Notwithstanding the foregoing, nothing contained in this Prospectus shall in any way be taken to qualify the working capital statement contained in paragraph 7 of Part 9 (*Financial Information*) of this Prospectus.

## **6. Presentation of information**

### **6.1 Currency, presentation**

All references in this Prospectus to “£”, “Sterling” or “pence” are to the lawful currency of the UK.

### **6.2 Market, economic and industry data**

Market, economic and industry data used throughout this Prospectus is sourced from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **6.3 No incorporation of website information**

Information on the Website or the websites of the AIFM, the Investment Manager, the Depositary or Investec do not form part of this Prospectus unless that information is incorporated by reference.

## **7. PRIIPs**

Investors should be aware that the PRIIPs Regulation requires the AIFM, as PRIIP manufacturer, to prepare a KID in respect of the Company. This KID must be made available by the AIFM to retail, or private, investors prior to them making any investment decision. The KID is available on the Website. A hard copy of the KID is available on request and unless the retail, or private, investor requests in writing that the KID be provided in paper form, such investor is deemed to have consented to being provided the KID via the Website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

## **8. Latest practicable date**

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is the close of business on 8 October 2020.

## **9. Non-mainstream pooled investments and MiFID II**

As an investment trust, the Ordinary Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Ordinary Shares is not subject to the FCA’s restriction on the promotion of non-mainstream pooled investments.

The Board has reviewed MiFID II and the ESMA guidance published thereto and has concluded that the Ordinary Shares constitute a non-complex product for the purposes of MiFID II.

## **10. Tax reporting, FATCA and CRS**

Shareholders should furnish any information and documents the Company may from time to time request in connection with tax reporting, including but not limited to information required under FATCA or CRS. Shareholders may be subject to tax reporting under applicable laws. FATCA and CRS documentation and reporting obligations can also arise in respect of Shareholders where third parties hold shares or act on their behalf.

## **11. Governing Law**

Unless otherwise stated, statements made in this Prospectus are based on the law and practice currently in force in Scotland and are subject to changes therein.

## PART 3: EXPECTED TIMETABLE, STATISTICS AND DEALING CODES

### 1. Expected Timetable of Principal Events

Record Date for entitlement under the Scheme	6.00 p.m. on 6 November 2020
General Meeting of the Company	10.30 a.m. on 9 November 2020
First General Meeting of PLI in relation to the Scheme	11.00 a.m. on 9 November 2020
Calculation Date for the Scheme	5.00 p.m. on 12 November 2020
Closing of PLI's register of members	7.30 a.m. on 17 November 2020
Second General Meeting of PLI in relation to the Scheme	11.00 a.m. on 17 November 2020
Effective Date for the Scheme	17 November 2020
Admission of the Ordinary Shares and dealings commence	8.00 a.m. on 18 November 2020
CREST accounts credited in respect of Ordinary Shares issued in uncertificated form	as soon as practicable after 8.00 a.m. on 18 November 2020
Certificates despatched in respect of Ordinary Shares issued in certificated form	week commencing 23 November 2020

*Notes:*

(1) References to times above and in this Prospectus generally are to London times unless otherwise specified.

(2) All times and dates in the expected timetable and in this Prospectus may be adjusted by the Company. Any material changes to the timetable will be notified through a RIS.

### 2. Illustrative Issue Statistics

New Shares to be issued	Up to 64,681,058 New Shares
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### 3. Dealing Codes

#### Ordinary Shares

ISIN	GB0006111123
SEDOL	0611112
Ticker	MUT
LEI	549300IRNFGVQIQHUI13

## **PART 4: DIRECTORS, MANAGEMENT, CUSTODIAN AND ADVISERS**

### **Directors** *(all non-executive)*

Neil Rogan (Chair)  
Donald Cameron  
Stephanie Eastment  
Jean Park  
Merryn Somerset Webb  
Peter Tait

All of the registered office below

### **Registered Office of the Company**

1 George Street, Edinburgh, Scotland, EH2 2LL

### **Website of the Company**

[www.murray-income.co.uk](http://www.murray-income.co.uk)

### **Proposed Additional Directors**

Richard Laing  
Georgina Field  
Alan Giles

All of the registered office above

### **Investment Manager**

Aberdeen Asset Managers Limited (company number SC108419)  
10 Queen's Terrace  
Aberdeen  
Aberdeenshire  
AB10 1XL  
Telephone number: 0345 113 6966  
Website: [www.aberdeenstandard.com](http://www.aberdeenstandard.com)  
LEI: 549300EI2QZDOKF0UR93  
*Authorised and registered by the FCA in the UK*

### **AIFM**

Aberdeen Standard Fund Managers Limited (company number 00740118)  
Bow Bells House  
1 Bread Street  
London  
EC4M 9HH  
Telephone number: 0345 113 6966  
Website: [www.aberdeenstandard.com](http://www.aberdeenstandard.com)  
LEI: 213800LKZU3XUL41DI38  
*Authorised and registered by the FCA in the UK*

### **Company Secretary**

Aberdeen Asset Management PLC (company number SC082015)  
10 Queen's Terrace  
Aberdeen  
Aberdeenshire  
AB10 1XL

### **Registrar and Receiving Agent**

Link Group  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU  
Website: <http://www.linkmarketservices.com/>

### **Sponsor and Financial Adviser**

Investec Bank plc  
30 Gresham Street  
London  
EC2V 7QP

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### **Legal Advisers to the Company**

Dentons UK and Middle East LLP  
Quartermile One  
15 Lauriston Place  
Edinburgh EH3 9EP

### **Depository and Custodian**

BNP Paribas Securities Services, London Branch  
10 Harewood Avenue  
London  
NW1 6AA  
Telephone number: +44 (0) 20 7595 2000  
Website: <http://securities.bnpparibas.com/>  
LEI: 549300WCGB70D06XZS54

*Authorised by the European Central Bank, the Autorité de contrôle prudentiel et de résolution of the Bank of France and the PRA and subject to limited regulation by the FCA in the UK and PRA.*

### **Auditor**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

*Member firm of the Institute of Chartered Accountants in England and Wales*

### **Reporting Accountant**

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

*Authorised and Regulated by the FCA. Member firm of the Institute of Chartered Accountants in England and Wales*

## **PART 5: THE COMPANY AND THE INVESTMENT MANAGER**

### **1. Introduction**

The Company is a closed-ended investment company incorporated on 8 June 1923 in Scotland with registered number SC012725, with an unlimited life and registered as an investment company under section 833 of the Companies Act 2006.

The Company is listed on the premium segment of the Official List and the Ordinary Shares are traded on the premium segment of the Main Market.

The Company is not regulated by the FCA or any other regulatory authority but is subject to the Listing Rules and the DTR. The Listing Rules include a listing principle that a listed company must ensure that it treats all holders of the same class of shares that are in the same position equally in respect of the rights attaching to such shares. The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the CTA 2010, as amended.

The Board has outsourced the day to day investment management, risk management and administration and company secretarial services as well as promotional activities of the Company to the Standard Life Aberdeen Group and other third party providers. The Company has appointed the AIFM as its alternative investment fund manager under the terms of the Management Agreement for the purposes of the AIFMD. The AIFM has sub-delegated its responsibilities as to investment management and promotional activities to the Investment Manager by way of a group delegation agreement in place between the AIFM and the Investment Manager. The AIFM has also sub-delegated its responsibilities as to administrative and secretarial services to the Company Secretary. A summary of the Management Agreement is set out in paragraph 7.1 of Part 11 (*General Information*) of this Prospectus.

### **2. Reasons for publication of this Prospectus**

#### **2.1 Background to the Proposals**

The Board of PLI announced on 6 April 2020 and 15 May 2020 that it had served protective notice on its incumbent investment manager following an extended period of underperformance relative to its benchmark; and confirmed that it was undertaking a review of PLI's management arrangements in order to identify a new manager to oversee PLI's portfolio. The competitive review was completed in July, with the Board of PLI having been impressed by the proposals put forward by the Investment Manager in conjunction with the Board, concluding that the Combination would bring additional benefits to PLI Shareholders by offering exposure to ASI's UK Equity strategy, with the combined portfolio to be managed by the Investment Manager. The Board of PLI and the Board each announced on 29 July 2020 that heads of terms for the Combination had been agreed.

#### **2.2 The Proposals**

Under the proposed terms of the Scheme, subject to the satisfaction of the Conditions, PLI will be placed into members' voluntary liquidation and the Scheme will take effect. It is expected that the Scheme will become effective on the Effective Date, whereupon the cash, undertaking and other assets of PLI comprising the Rollover Pool, will be transferred to the Company pursuant to the Transfer Agreement together with the obligations under the PLI Note Purchase Agreement which shall transfer to the Company pursuant to the PLI Note Novation Agreement, in consideration for the issue of New Shares, effected on a FAV for FAV basis as at the Calculation Date. The relevant numbers of New Shares will be allotted to the Liquidators who will renounce the New Shares in favour of the PLI Shareholders who elect or are deemed to have elected for the Rollover Option.

PLI Shareholders may elect to receive cash instead of New Shares in respect of some or all of their holdings in PLI at a discount of 2 per cent. to the Residual NAV per PLI Share. The Cash Option will be limited to 20 per cent. of PLI Shares in issue (excluding PLI Shares in treasury), with aggregate excess Elections for the Cash Option in excess of this percentage scaled back on a *pro rata* basis by way of the rollover into the Company. The Rollover Option will be the default option for the Scheme. To the extent that an Overseas Shareholder would otherwise receive New Shares under the Scheme, either because no Election for the Cash Option was made or because an

Excess Application for the Cash Option is scaled back in accordance with the Scheme, then such New Shares will be sold by the Liquidators in the market and the net proceeds paid to the relevant Overseas Shareholder.

Further details of the Scheme and the Issue are set out in Part 8 (*Details of Issue and Scheme*) of this Prospectus.

### 2.3 Benefits of the Proposals

The Board and the Board of PLI believe that the Proposals should prove attractive for PLI Shareholders with an opportunity to invest in a five-star Morningstar rated investment trust that combined has significant scale, a strong investment track record, a low ongoing charges ratio and which historically has traded at a narrower discount to NAV than PLI and has AIC dividend hero status. The Board understands that all of the PLI Directors intend to roll over their entire beneficial holdings of PLI Shares into New Shares.

The Board believes that the Combination has the following benefits for Shareholders:

- a) Shareholders of the Enlarged Company will immediately benefit from an enlarged capital base which will result in a significant reduction of the weighted annual management fee to an estimated 0.38 per cent. per annum;
- b) it will result in a reduction of the estimated pro forma ongoing charges ratio of the Company to 0.50 per cent. per annum;
- c) the increase in the size of the Company should mean that the Ordinary Shares have enhanced liquidity in the secondary market; and
- d) with Gross Assets of the Enlarged Company expected to be in excess of £1 billion, the Company should have an enhanced profile as one of the largest investment trusts in the UK Equity Income sector.

In respect of limbs (a) and (b) above, ASI is paid a variable management fee by the Company of 0.55 per cent. per annum of the first £350 million of Net Assets, 0.45 per cent. per annum on the Net Assets between £350 million and £450 million, and 0.25 per cent. on Net Assets in excess of £450 million. The weighted annual management fee would be an estimated 0.38 per cent. per annum and the estimated pro forma ongoing charges ratio would be 0.50 per cent. per annum, based on the net assets of the Company and PLI, assuming the Cash Option is fully taken up, as at 24 July 2020.

## 3. Investment objective

The Company's investment objective is to aim for a high and growing income combined with capital growth through investment in a portfolio principally of UK equities.

## 4. Investment policy and limits

### 4.1 Investment Policy

In pursuit of the Company's investment objective, the Company's investment policy is to invest in the shares of companies that have potential for real earnings and dividend growth, while at the same time providing an above-average portfolio yield. The emphasis is on the management of risk and on the absolute return and yield from the Portfolio as a whole rather than the individual companies which the Company invests in, which is achieved by ensuring an appropriate diversification of stocks and sectors within the Portfolio, with a high proportion of assets in strong, well-researched companies. The Company makes use of borrowing facilities to seek to enhance Shareholder returns when appropriate.

### 4.2 Delivering the Investment Policy

The Company maintains a diversified portfolio of the equity securities of UK and overseas companies with an emphasis on investing in quality companies with good management, strong cash flow, a sound balance sheet and which are generating a reliable earnings stream.

The Investment Manager follows a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value, concentrating on quality first, then price. Top-down investment factors are secondary in the Investment Manager's portfolio construction with diversification rather than formal controls guiding stock and sector weights.

#### 4.3 Investment Limits

The Board sets investment guidelines within which the Investment Manager must operate. All of these limits will apply as at the Effective Date. The Portfolio typically comprises between 30 and 70 holdings (but without restricting the Company from holding a more or less concentrated Portfolio from time to time). The Company may invest up to 100 per cent. of its Gross Assets in UK-listed equities and other securities and is permitted to invest up to 20 per cent. of its Gross Assets in other overseas-listed equities and securities. The Investment Manager may invest in any market sector; however, the top five holdings may not exceed 40 per cent. of the total value of the Portfolio and the top three sectors represented in the Portfolio may not exceed 50 per cent.. The Company may invest no more than 15 per cent. of its Gross Assets in other listed investment companies (including investment trusts).

The Company may use derivatives for the purpose of enhancing Portfolio returns and for hedging purposes in a manner consistent with the Company's broader investment policy. The Investment Manager is permitted to invest in options and in structured products, provided that any structured product issued in the form of a note or bond has a minimum credit rating of "A".

As an investment trust, the Company aims to comply with section 1158 of the CTA 2010, which imposes on the Company an obligation to spread investment risk.

In accordance with the Listing Rules, the Company will not make any material change to its published investment policy without the prior approval of the FCA and the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a RIS.

In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a RIS.

#### 4.4 Gearing

##### 4.4.1 Gearing Policy

The Board is responsible for setting the gearing policy of the Company and for the limits on gearing. The Investment Manager is responsible for gearing within the limits set by the Board. The Board has set its gearing limit at a maximum of 25 per cent. of NAV at the time of draw down. Gearing – borrowing money – is used selectively to leverage the Portfolio in order to enhance returns where this is considered appropriate. Particular care is taken to ensure that any financial covenants permit maximum flexibility of investment policy. Significant changes to gearing levels are communicated to Shareholders.

##### 4.4.2 Impact of the Proposals on Gearing

Part of the Proposals involves bringing together the long term borrowings of the Company and PLI in the form of loan notes. This will result in a blended cost of long term borrowing of 3.63 per cent. with £40 million 2.51 per cent. senior secured notes due in 2027 (being the MUT Notes) and £60 million 4.37 per cent. senior secured notes due in 2029 (being the PLI Notes). Further details of how this will be effected are set out in paragraph 7.6 of Part 11 (*General Information*) of this Prospectus. Together with the Company's rolling short-term borrowing facility of £20 million this takes the full borrowing potential to £120 million, which is 10.8 per cent. of net assets of the Company and PLI as at 30 June 2020. With the beta of the Portfolio currently running at 0.89 (meaning that statistically the Portfolio is expected to capture 89 per cent. of any market movement) the Board presently believes that the appropriate neutral gearing rate is 10 per cent.. The annualised cost of the Company's current borrowings is 0.21 per cent. of NAV.

#### 4.5 Leverage

For the purposes of the AIFMD, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure represents the sum of the Company's positions after the deduction of Sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of Sterling cash balances and after certain hedging and netting positions are offset against each other.

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross Method	Commitment Method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 30 June 2020 (unaudited)	1.14:1	1.17:1

There have been no breaches of the maximum level during the last financial year to 30 June 2020 and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within the Company's 2020 annual report or the Company's pre-investment disclosure document in relation to any special arrangements in place, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a RIS without undue delay in accordance with the AIFMD.

#### 5. AIFM and the Investment Manager

The AIFM is the Company's alternative investment fund manager for the purposes of the AIFMD. The AIFM has sub-delegated certain responsibilities including the day-to-day management of the Portfolio to the Investment Manager.

The AIFM is a limited liability company, incorporated and registered in England and Wales on 7 November 1962 with registration number 00740118. The Investment Manager is a limited liability company, incorporated and registered in Scotland on 23 December 1987 with registration number SC108419. The AIFM and the Investment Manager are authorised and regulated by the FCA to conduct certain restricted activities in relation to collective investment schemes and general securities and derivatives.

Both the AIFM and the Investment Manager are subsidiaries of Standard Life Aberdeen plc and operate as part of ASI. ASI is the investment arm of Standard Life Aberdeen plc which was formed in August 2017 from the merger of Standard Life plc and Aberdeen Asset Management PLC (the Company Secretary). The Company Secretary was formed in 1983 through a management buy-out and grew significantly through a combination of strategic acquisition and organic growth. It was initially listed on the London Stock Exchange in 1991. Standard Life plc can trace its roots back to 1825 and was initially listed on the London Stock Exchange in 2006. ASI manages £455.6 billion of assets (as at 30 June 2020) on behalf of governments, pension funds, insurers, companies, charities, foundations and individuals across 80 countries. ASI is also one of the largest and is an award winning manager of closed-end companies in the UK and has extensive experience, having been operating in the sector since 1983. It currently manages 23 investment companies, listed in London, with gross assets of £10.025 billion (as at 8 October 2020) across multiple sectors, from offices in *inter alia* Edinburgh, London, Philadelphia, Singapore, Tokyo and Bangkok.

ASI's scale and reputation as responsible long-term investors in the UK Equity market means it has first-rate access to the companies it researches, through structured meetings and regular conversations with both executive management teams and non-executive directors. The Investment Manager is then careful not to pay too high a price when making the investment. Subsequent to that investment, the Investment Manager keeps in close touch with the investee company, aiming to meet management at least twice a year. Given ASI's long-term fundamental investment philosophy, the Investment Manager would not expect much change in the companies in which the Company

invests over short periods of time. The Investment Manager does, however, take opportunities offered by what it sees as anomalous price movements within stock markets to either top up or top slice positions, which accounts for the bulk of the activity within the portfolio. As a result, average portfolio turnover for the Company will be relatively low compared to other companies in the AIC UK Equity Income sector.

In recognition of the importance of ESG considerations to the investment process, dedicated ESG analysts are embedded in regional teams, supported by a central cross-asset-class ESG division (further details of which are set out below).

A summary of the Management Agreement is set out in paragraph 7.1 of Part 11 (*General Information*) of this Prospectus.

### **5.1 Risk Controls**

The Investment Manager seeks to minimise risk within the Portfolio by its in-depth rigorous research. It does not view divergence from a benchmark as risk, but does view investment in poorly run expensive companies that the team do not understand as risk. In fact, where risk parameters are expressed in benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence, diversification of stocks provides the main control for the Investment Manager within the Portfolio.

The Investment Manager's performance and investment risk unit independently monitors Portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Investment Manager primarily to check the Portfolio is behaving as expected, not as a predictive tool.

### **5.2 Environmental, Social and Governance (“ESG”) Engagement**

Whilst the management of the Company's investments is not undertaken with any specific instructions to exclude certain asset types or classes, the Investment Manager embeds ESG into the research of each asset class as part of the investment process. ESG investment is about active engagement, with the goal of improving the performance of assets held around the world. The Investment Manager aims to make the best possible investments for the Company, by understanding the whole picture of the investments – before, during and after an investment is made. That includes understanding the ESG risks and opportunities they present – and how these could affect longer-term performance. ESG considerations underpin all investment activities. With 1,000+ investment professionals, the Investment Manager is able to take account of ESG factors in its company research, stock selection and portfolio construction – supported by more than 50 ESG specialists around the world.

### **5.3 Active Engagement**

Through engagement and exercising voting rights, the Investment Manager, on behalf of the Company, actively works with companies to improve corporate standards, transparency and accountability. By making ESG central to its investment capabilities, the Investment Manager looks to deliver improved financial performance in the longer term as well as actively contributing to a fairer, more sustainable, world. The primary goal is to generate the best long-term outcomes for the Company in order to fulfil fiduciary responsibilities to the Company. The Investment Manager sees ESG factors as being financially material and impacting corporate performance. ESG factors put the 'long-term' in long-term investing. The Investment Manager focuses on understanding the ESG risks and opportunities of investments alongside other financial metrics to make better investment decisions. The Investment Manager aims for better risk-adjusted returns by actively undertaking informed and constructive engagement and asset management to generate better performance from the investments. This helps to enhance the value of the Company's assets. The Investment Manager believes that comprehensive assessment of ESG factors, combined with constructive company engagement, leads to better long-term performance.

## **6. Investment Management Team**

The Company is managed by ASI's UK Equities team with Charles Luke as lead portfolio manager and Iain Pyle as deputy. Their CVs are set out below. The ASI UK Equity Income Fund is the top

performing fund in the IA UK Equity Income sector since Charles Luke started to manage the fund in 2016.

The ASI 16-strong UK Equities team has continuous research coverage of the constituents of the FTSE 350 ex-Investment Trusts Index supplemented with additional UK listed companies of interest of similar size. On average, the UK Equities team individuals have in excess of 13 years of experience and a tenure of over 10 years at ASI. The ASI group is committed to having sufficient resource in order to maintain full coverage of the index constituents and not to have to risk attractive investment opportunities slipping through the net. Analysts have a sector focus ensuring an in depth expertise in every part of the market. Their Strong Buy, Buy, Sell and Hold recommendations on every stock under coverage are measured and have a strong long-term track record over almost 20 years of generating alpha.

Charles and Iain are also part of ASI's UK Equity Income portfolio construction group pod with the purpose of facilitating an additional layer of peer review relating to income investment decision making across the breadth of ASI's UK Income Equity strategies.

### ***Charles Luke***

Charles Luke is a Senior Investment Director in ASI's UK Equities team. Charles has c.20 years' experience managing UK income strategies and has managed the Portfolio for 13 years and the ASI UK Equity Income Fund for the last four years. In addition, he is also responsible for analysing the Business Support Services, Gas & Electricity, Health Equipment & Services sectors. Charles originally joined ASI in 2000. Charles started his career at Framlington Investment Management in 1998, covering UK equities. Charles graduated with a BA in Economics and Japanese Studies and an MSc in Economic History.

### ***Iain Pyle***

Iain is an Investment Director in ASI's UK Equities team. Within his role, he supports Charles Luke in managing the Company and is lead manager for Shires Income PLC, the UK Equity High Income Fund and the Bothwell UK Equity Income Fund as well as having sector responsibility for Oil & Gas and Banks. Iain joined ASI's UK Larger Companies team in January 2015. Previously Iain managed the Ireland Pension U.K. Equity Fund from April 2016, the Pan European Trust from April 2017 and the U.K. Equity Growth Fund from July 2017 and has been covering analyst for the Pharmaceutical and Healthcare sectors. He is also a member of ASI's Pan-European fund management team. Iain previously worked as a management consultant at PwC. He holds an MSc, Masters in Chemical Engineering, ACA, CFA and is a qualified accountant.

## PART 6: INVESTMENT STRATEGY AND PORTFOLIO

### 1. The Investment strategy

The UK equity universe has an attractive yield in comparison to other developed markets, as well as supporting companies that are demonstrating growth, including from technological and environmental disruption. As at 8 October 2020, the FTSE All Share had a trailing 12 months dividend yield of 3.55 per cent.. In comparison, the trailing 12 month dividend yield of the FTSE All World Index (£) was 2.08 per cent. at the same date.

The Company invests principally in UK equities to deliver to investors a high and growing income combined with capital growth. The Investment Manager's philosophy is that markets are not always efficient. It believes that superior investment returns are therefore attainable by identifying good companies with attractive valuations, defined in terms of the fundamentals that, in the Investment Manager's opinion, drive share prices over the long term. The Investment Manager undertakes substantial due diligence before initiating any investment, including company visits, in order to be assured of the quality of the prospective investment.

The investment strategy can be summarised within three key tenets:



Source: Aberdeen Standard Investments, 31 August 2020

#### 1.1 Dependability

The Investment Manager seeks to assemble a high quality portfolio from both a qualitative and quantitative perspective. The Investment Manager believes that the market often systematically underestimates the sustainability of returns from high quality companies. High quality companies have fewer tail risks (and a greater margin of safety to those risks), produce less volatile earnings streams (which are more resilient and sustainable) and can better navigate an uncertain future, including capitalising on the inherent opportunities that offers to create value. The Investment Manager assesses quality through a prism of the durability of the business model (and moat), the attractiveness of the industry, the strength of the company's financials, the capability of management and an assessment of ESG risks. Indeed, ESG is a core component of the fundamental research process that the Investment Manager undertakes. The Portfolio as at 8 October 2020 (being the latest practicable date) demonstrates the portfolio characteristics that the Investment Manager seeks to capture in portfolio construction, with the Portfolio showing above-benchmark exposures to a portfolio of stocks with superior return on equity, return on invested capital, return on assets, operating profit margin, earnings growth stability and a strong ESG score. The Company has been awarded a Morningstar Sustainability Rating of four out of five globes.

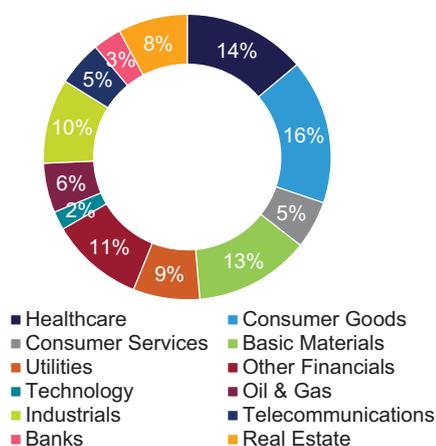
## Incorporation of ESG into the investment process:



## 1.2 Diversification

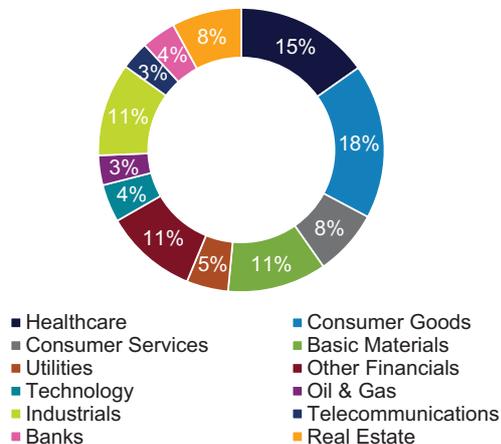
The Portfolio is diversified across sources of income, capital invested, sector and market capitalisation and includes an allocation to overseas companies (limited to 20 per cent. of Gross Assets). The overarching aim of the Portfolio is not to be overly dependent on any one economic scenario but to ensure sensible diversification.

**Distribution of income by sector at 8 October 2020**



For illustrative purposes only.  
Source: Aberdeen Standard Investments, Equities only, 8 October 2020. Subject to change.

**Distribution of equity investments by sector at 8 October 2020**

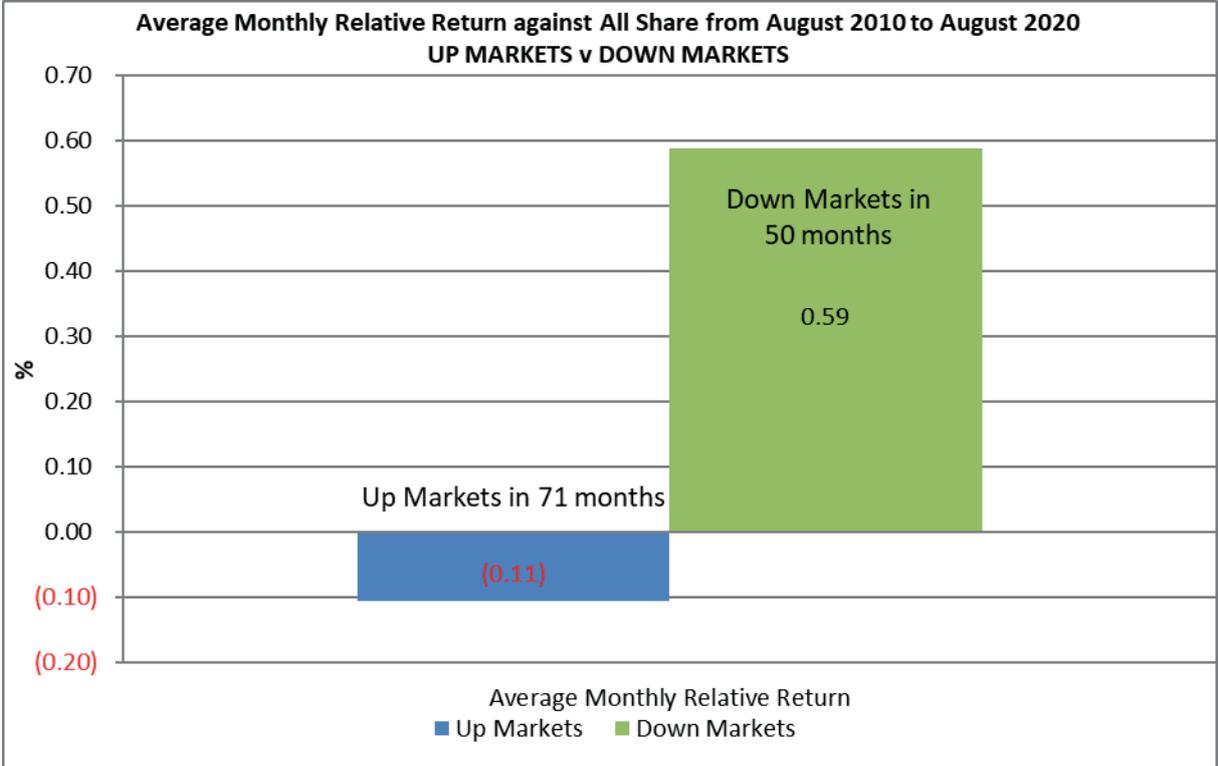


For illustrative purposes only.  
Source: Aberdeen Standard Investments, Equities only, 8 October 2020. Subject to change.

## 1.3 Differentiation

The Company is differentiated by its focus on high quality companies, its mid cap and overseas holdings, its ESG focus, the additional independent income stream from option writing and its diversification of income and capital. The Company also deploys gearing for the benefit of long-term performance. Combining these attributes provides a Portfolio with an attractive yield with above-average dividend growth, the ability to capture structural growth, and capital and income resilience. Historical performance has demonstrated appealing risk-adjusted returns with low volatility.

The chart below demonstrates the profile of returns on a long term basis in both up and down markets. As can be seen there is a strong focus on downside protection and capital preservation with the Portfolio outperforming its benchmark, the FTSE All Share Index, in down markets while in up markets it broadly performs in line with the market. The focus on high quality companies with strong balance sheets provides resilience in down markets but at the same time the growth characteristics of these high quality companies allows the Portfolio to participate when the market rises.



Source: Aberdeen Standard Investments, 31 August 2020 (being the latest practicable date for this data).

The Portfolio yield is supplemented through the modest use of derivatives in the form of covered options. This provides an additional uncorrelated, diversified income stream in concert with the investment approach, enabling investment in companies with lower yields but better capital and dividend growth prospects. The option writing strategy is implemented through exchanged trade and Over The Counter European style options written on the basis of fundamental analysis to top slice or top up holdings. Exposure is typically 25 basis points per investment with options written circa 5 per cent. out of the money with a 1 – 3 month duration. Income from traded option premiums was £2.472m in financial year 2020, representing 10.8 per cent. of total income.

**2. Delivery of the investment objectives**

**2.1 Return performance**

Over the 5 years ended 31 August 2020, the Company has delivered cumulative NAV growth of 36.3 per cent., against the return of the FTSE All Share of 17.3 per cent., representing outperformance of 19 percentage points.

## Cumulative total return performance (%):

	As at 31/08/20	6 months	1 year	3 years	5 years	10 years
Share price	758.0p	-6.5	-3.8	10.9	37.9	109.4
NAV per share	800.5p	-3.5	-4.5	6.6	36.3	113.7
FTSE All-Share Index		-7.6	-12.6	-8.2	17.3	77.6

## Discrete total return performance (%):

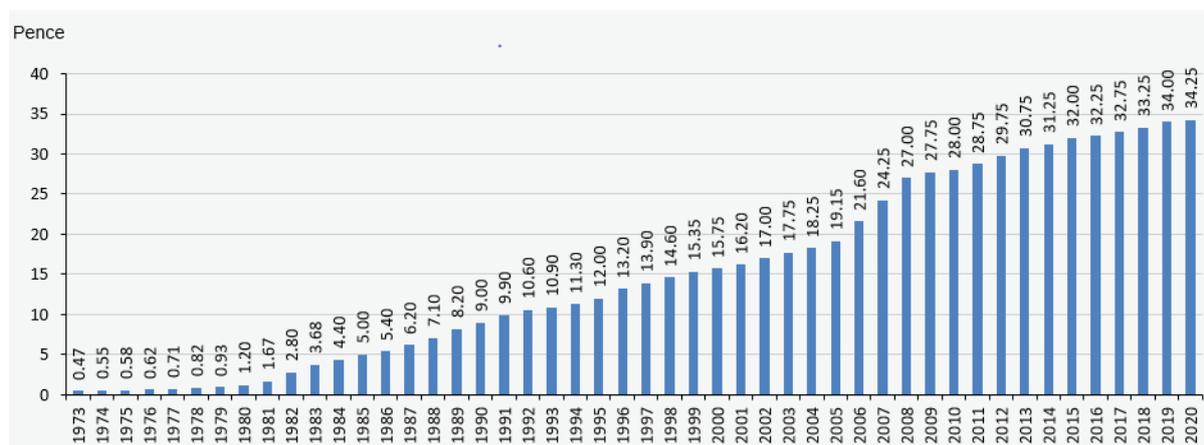
Year ending	31/08/2020	31/08/19	31/08/18	31/08/17	31/08/16
Share price	-3.8	12.2	2.8	12.8	10.3
NAV per share	-4.5	6.7	4.6	11.6	14.6
FTSE All-Share Index	-12.6	0.4	4.7	14.3	11.7
Year ending	31/08/15	31/08/14	31/08/13	31/08/12	31/08/11
Share price	-6.4	5.1	21.6	11.8	13.4
NAV per share	-4.7	9.7	19.1	13.2	11.3
FTSE All-Share Index	-2.3	10.3	18.9	10.2	7.3

Source: Refinitiv. Data to 31 August 2020 (being the latest practicable date for this data). Total return; NAV to NAV, net income reinvested, GBP. Share price total return is on a mid-to-mid basis. Dividend calculations are to reinvest as at the ex-dividend date. NAV returns based on NAVs with debt valued at fair value.

## 2.2 Dividend performance

The Company has AIC dividend hero status and has increased its dividend for 47 consecutive years. Over the 5 years ending 31 August 2020 the Company's dividend has grown at a compound annual growth rate of 1.85 per cent. p.a. Over the same period, the UK inflation rate has been 1.60 per cent. p.a.. As at 8 October 2020, the dividend yield on the Ordinary Shares was 4.5 per cent..

### Dividend performance – 47 consecutive years of dividend growth:



Source: Aberdeen Standard Investments, June 2020.

## 3. Outlook

The trajectory of economic recovery continues to be uncertain, with the risk of a second wave of Covid-19 cases remaining and the recovery depending on the action of governments, both in terms

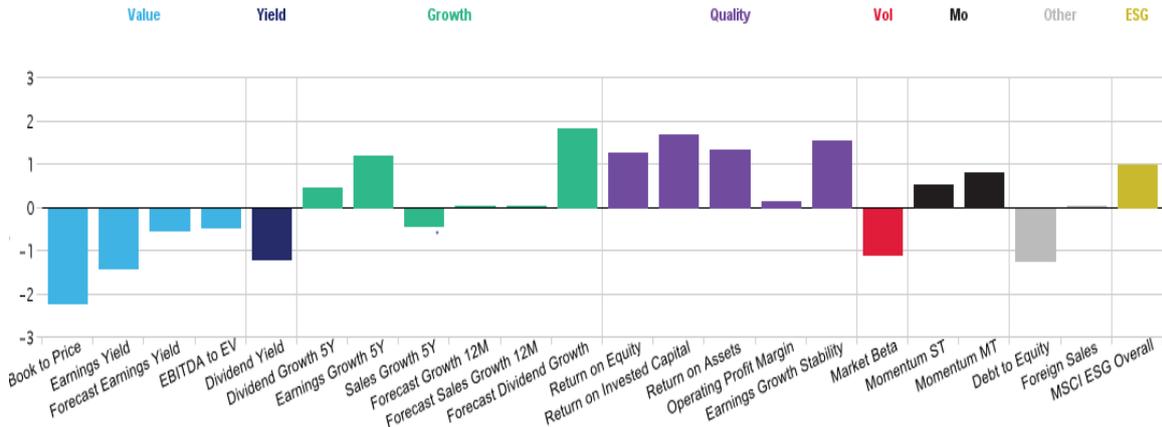
of mitigating restrictions and further support, development of a vaccine, and behavioural changes. However, it seems likely that the post-Covid-19 environment will be characterised by a long period of low growth, low inflation, low interest rates and high corporate debt. The UK and EU resumed trade agreement negotiations over the summer and this, alongside the US election creates further uncertainty for the rest of the year. In these difficult circumstances the Investment Manager believes that companies with attractive dividend yields, sound growth prospects and strong balance sheets are likely to be prized more highly than ever. Therefore, it seems eminently sensible to maintain the current careful and measured approach of investing in high quality companies that should be able to thrive in this challenging environment and emerge in a stronger competitive position.

**4. Portfolio summary**

As at 8 October 2020, the Portfolio comprised 57 holdings with a gross valuation of £573 million. The Portfolio included 9 holdings listed on exchanges outside of the UK, representing 13.8 per cent. of the Portfolio valuation. On a market capitalisation basis, the Portfolio was 68.2 per cent. large cap (companies with a market cap above £4.0 billion), 31.0 per cent. mid cap (companies with a market cap below £4.0 billion and above £0.5 billion) and 0.8 per cent. small cap (companies with a market cap below £0.5 billion).

Figure 4.1 below shows the factor analysis of the Portfolio as at 30 September 2020, highlighting the Quality and ESG characteristics that the investment strategy seeks to capture.

**Figure 4.1: Portfolio style factor analysis at 30 September 2020**



Source: Style Analytics, 30 September 2020 (being the latest practicable date for this data).

**Figure 4.2: Portfolio as at 8 October 2020**

STOCK DESCRIPTION	BASE MKT VALUE	VAL. Date
ASTRAZENECA ORD USD0.25	26,008,697	08/10/2020
UNILEVER GBP0.031111	22,741,425	08/10/2020
RIO TINTO ORD GBP0.1	20,647,536	08/10/2020
DIAGEO GBP28.93518	20,582,932	08/10/2020
BHP GRP USD0.5000	19,942,843	08/10/2020
GLAXOSMITHKLINE ORD GBP0.25	19,633,459	08/10/2020
RELX GBP0.144397	19,413,869	08/10/2020
NATL GRID ORD GBP0.12431289	16,247,792	08/10/2020
AVEVA GRP GBP0.03556	16,112,250	08/10/2020

<b>STOCK DESCRIPTION</b>	<b>BASE MKT VALUE</b>	<b>VAL. Date</b>
BRITISH AMER TOBACCO GBP0.25	15,503,560	08/10/2020
CLOSE BROTHERS GRP GBP0.25	14,855,184	08/10/2020
ASSURA GBP0.1	14,230,357	08/10/2020
ROCHE HLDGS AG-GENUSSCHEIN NPV	14,071,843	08/10/2020
PRUDENTIAL GBP0.05	12,653,320	08/10/2020
MONDI EUR0.2	12,637,750	08/10/2020
SSE GBP0.5	12,324,107	08/10/2020
CRODA INTL GBP0.10609756	12,102,094	08/10/2020
TOTAL SE EUR2.5	10,888,653	08/10/2020
RENTOKIL INITIAL GBP0.01	10,805,110	08/10/2020
COCA-COLA HBC CHF6.70	10,322,494	08/10/2020
INCHCAPE GBP0.1	10,303,647	08/10/2020
EUROMONEY INSTL INVESTOR GBP0.0025	10,258,900	08/10/2020
LONDONMETRIC PROPERTY GBP0.1	10,232,093	08/10/2020
NESTLE REG CHF0.1	9,723,903	08/10/2020
COUNTRYSIDE PROPERTIES WI GBP1	9,542,346	08/10/2020
TELENOR NOK6	9,367,497	08/10/2020
M&G GBP0.05	8,976,422	08/10/2020
STANDARD CHARTERED USD0.5	8,730,776	08/10/2020
WEIR GRP GBP0.125	8,729,100	08/10/2020
SMITH & NEPHEW ORD USD0.2	8,559,959	08/10/2020
KONE OYJ B NPV	8,391,862	08/10/2020
XP POWER GBP0.01	8,002,800	08/10/2020
TELECOM PLUS ORD GBP0.05	7,849,860	08/10/2020
ASHMORE GRP GBP0.0001	7,840,114	08/10/2020
HOWDEN JOINERY GRP GBP0.1	7,837,280	08/10/2020
MICROSOFT CORP USD0.00000625	7,801,672	08/10/2020
NOVO-NORDISK B DKK0.2	7,739,263	08/10/2020
VAT GRP CHF0.1	7,494,564	08/10/2020
DIRECT LINE INSURANCE GBP 0.109090909	7,012,246	08/10/2020
SIRIUS REAL ESTATE NPV	6,881,767	08/10/2020
MARSHALLS GBP0.25	6,731,467	08/10/2020
BP USD0.25	6,242,254	08/10/2020
BODYCOTE GBP0.17273	6,214,226	08/10/2020
CONVATEC GRP WI NPV	5,818,481	08/10/2020
STANDARD LIFE UK SMALLER COS TST ORD GBP0.25	5,607,420	08/10/2020
POLYPIPE GRP GBP0.001	5,549,035	08/10/2020
DECHRA PHARMACEUTICALS GBP0.01	5,261,480	08/10/2020
JOHN LAING GRP GBP0.1	4,985,009	08/10/2020
SAFESTORE HLDGS ORD GBP0.01	4,704,120	08/10/2020

<b>STOCK DESCRIPTION</b>	<b>BASE MKT VALUE</b>	<b>VAL. Date</b>
CHESNARA GBP0.05	4,392,630	08/10/2020
FEVERTREE DRINKS ORD GBP0.0025	4,381,930	08/10/2020
UNITE GRP ORD GBP0.25	4,238,244	08/10/2020
BIG YELLOW GRP GBP0.1	3,968,536	08/10/2020
MOWI NOK7.5	3,717,139	08/10/2020
NATL EXPRESS GRP ORD GBP0.05	2,928,240	08/10/2020
ASSOCIATED BRITISH FOODS ORD GBP0.0568	2,862,205	08/10/2020
SANNE GRP GBP0.01	2,732,300	08/10/2020
	<b>573,336,078</b>	

## Part 7 – DIRECTORS, MANAGEMENT AND ADMINISTRATION

### 1. Directors & Proposed Additional Directors

#### 1.1 Directors

The Directors, all of whom are non-executive and all of whom are independent of the AIFM and the Investment Manager, are responsible for the determination of the Company's investment policy and the overall supervision of the Company, including the review of investment activity and performance and the control and supervision of the Investment Manager. The Board currently consists of:

#### ***Neil Rogan – Chairman***

Neil Rogan, appointed a Director on 26 November 2013, and Chairman on 6 November 2017, is former Head of the Global Equities Teams at both Gartmore and Henderson and former Head of International Equities as well as a former member of the Investment Division Executive Committee at Gartmore. He previously managed Fleming Far Eastern Investment Trust. He is non-executive Chairman of Invesco Asia Trust plc and a non-executive director of The Scottish Investment Trust PLC. He is a member of the Company's Management Engagement (Chairman), Nomination (Chairman) and Remuneration Committees.

#### ***Donald Cameron***

Donald Cameron, who was appointed a Director on 5 September 2012, qualified at the Bar of England and Wales in 2002. Having transferred to the Faculty of Advocates, he was called to the Scottish Bar in 2005. He is a director of Edinburgh Worldwide Investment Trust plc. In May 2016, he was elected as a Member of the Scottish Parliament for the Highlands & Islands. He is a member of the Company's Audit, Management Engagement, Nomination and Remuneration Committees.

#### ***Stephanie Eastment***

Stephanie Eastment, appointed a Director on 2 August 2018, was formerly Head of Specialist Fund Accounts and Corporate Secretariat at Invesco Perpetual. Her career spans over 30 years working in financial services including roles at UBS, Wardley Investment Services International and KPMG. She qualified while at KPMG and is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Institute of Chartered Secretaries and Administrators. She is a non-executive director and audit chair of both Herald Investment Trust plc and Impax Environmental Markets plc and an independent non-executive director of RBS Collective Investment Funds Limited. She is a member of the Company's Audit (Chairman), Management Engagement, Nomination and Remuneration Committees.

#### ***Jean Park***

Jean Park, appointed a Director on 2 July 2012 and Senior Independent Director on 5 November 2018, was formerly Group Chief Risk Officer at Phoenix Group. Prior to that she was Risk Management Director of the Insurance and Investments Division of Lloyds TSB. She is a non-executive director of NHBC and a non-executive director of Admiral Group plc. She is a member of the Institute of Chartered Accountants of Scotland. She is a member of the Company's Audit, Management Engagement, Nomination and Remuneration (Chairman) Committees.

#### ***Merryn Somerset Webb***

Merryn Somerset Webb, who was appointed a Director on 7 August 2019, is the Editor-in-Chief of UK personal finance magazine MoneyWeek and is a regular commentator on financial matters across radio and television. She is a director of charities as well as a non-executive director of Baillie Gifford Shin Nippon PLC and Montanaro European Smaller Companies Trust plc. She is a member of the Company's Audit, Management Engagement, Nomination and Remuneration Committees.

### ***Peter Tait***

Peter Tait was appointed as a Director on 7 November 2017, having retired from the Nestle Group where he was initially Head of Investments for the Nestlé UK Pension Fund and then CEO & CIO of Nestle Capital Management. Prior to Nestle he worked for many years in the investment management industry managing portfolios for investment trusts, pension funds and charitable foundations. During that time he was a managing director at BlackRock International and, before that, a director of Dunedin Fund Managers and a portfolio analyst at Scottish Widows Life Assurance Fund. He is a member of the Company's Audit, Management Engagement, Nomination and Remuneration Committees.

### **1.2 Proposed board changes**

If the Scheme is implemented, it is intended that the current Chairman of PLI, Richard Laing, and two of his fellow PLI Directors, Alan Giles and Georgina Field will join the Board on the Effective Date. The Proposed Additional Directors will be non-executive Directors and independent of the AIFM and the Investment Manager. Further details of the Proposed Additional Directors are set out below.

It is the intention of the Board, for the purposes of good succession planning, that the overall size of the Board will revert back to six Directors at the 2021 AGM and that the three directors who will each have completed nine years' cumulative service on either or both of the companies' boards, being Proposed Additional Director Richard Laing, and current Directors Donald Cameron and Jean Park will each retire on that date.

### ***Georgina Field***

Georgina Field was appointed to the Board of PLI with effect from 1 May 2019. She is Chief Executive Officer and founder of White Marble Marketing Ltd, a marketing consultancy practice for the wealth and asset management industry. Past roles include Head of European Marketing at Aberdeen Asset Management between September 2012 and July 2014 and Marketing Director of Neptune Investment Management. Ms Field's background and expertise in marketing within the financial sector is expected to be a valuable attribute for the Board.

### ***Alan Giles***

Alan Giles was appointed to the Board of PLI on 6 November 2015. He is Senior Independent Director and Chairman of the remuneration committee of Foxtons Group plc, Chairman of The Remuneration Consultants Group, an Associate Fellow at Saïd Business School, University of Oxford, and an honorary visiting professor at The Business School (formerly Cass), City, University of London. He was formerly Chairman of Fat Face Group Limited, Chief Executive of HMV Group plc, Managing Director of Waterstones, and an executive director of WH Smith plc. He previously held non-executive directorships at The Competition & Markets Authority, Rentokil Initial plc, The Office of Fair Trading, Somerfield plc and Wilson Bowden Plc. Mr Giles' extensive boardroom experience, in the retail and other commercial sectors, is expected to broaden the Board's overall expertise.

### ***Richard Laing***

Richard Laing was appointed to the Board of PLI on 20 November 2012. He is Chairman of 3i Infrastructure plc; a non-executive director of Miro Forestry Ltd, which operates in West Africa; and a non-executive director of JPMorgan Emerging Markets Investment Trust plc and Tritax Big Box REIT plc. He was previously Chief Executive of CDC Group plc, formerly the Commonwealth Development Corporation, from 2004 to 2011, having joined the organisation in 2000 as Finance Director. Prior to CDC, he spent 15 years at De La Rue, latterly as the Group Finance Director. He previously worked in international agribusiness, at PricewaterhouseCoopers and Marks & Spencer. He has also held a number of non-executive positions across a range of sectors. He obtained an MA from Cambridge University in Engineering and is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA). Mr Laing's financial and investment background together with his experience as a chairman and director of investment companies is expected to be valuable to the Board.

### 1.3 Responsibility

The Directors and the Proposed Additional Directors have taken all reasonable care to ensure that the facts stated in this Prospectus are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors and the Proposed Additional Directors accept responsibility accordingly.

## 2. Managerial, secretarial, administration and depositary arrangements

### 2.1 Managerial arrangements

The Board has outsourced the day to day investment management, risk management and administration and company secretarial services as well as promotional activities of the Company to the Standard Life Aberdeen Group. The Company entered into the Management Agreement with the AIFM on 14 July 2014, under which the AIFM was been appointed to provide to the Company investment management, risk management, administration and company secretarial services as well as promotional activities, subject to the overall supervision of the Directors in accordance with the policies laid down by the Directors from time to time and the investment restrictions referred to in the Management Agreement

By way of sub-delegation from the AIFM, the Investment Manager manages the Portfolio and the Company's investments in accordance with the policies laid down by the Directors from time to time and in accordance with the investment restrictions referred to in the Management Agreement.

The AIFM is entitled to a monthly fee of one-twelfth of: 0.55 per cent. per annum on the first £350 million of Net Assets, 0.45 per cent. per annum on Net Assets between £350 million and £450 million, and 0.25 per cent. per annum on any Net Assets in excess of £450 million. Based on Net Assets of £534.4m at 30 June 2020, the blended management fee is therefore 0.48 per cent. The fee payable to ASFML at the financial year end 30 June 2020 was £427,000 (2019 – £446,000). With effect from 1 July 2018 the Company charges 30 per cent. of the management fees to revenue and 70 per cent. to capital.

An annual fee equivalent to up to 0.05 per cent. of Gross Assets (calculated at 30 September each year) is paid to the Investment Manager to cover promotional activities undertaken on behalf of the Company. A summary of the Management Agreement is set out in paragraph 7.1 of Part 11 (*General Information*) of this Prospectus.

### 2.2 Secretarial and administration arrangements

The Company has appointed the AIFM as its alternative investment fund manager under the terms of the Management Agreement for the purposes of the AIFMD. The AIFM has sub-delegated administrative and company secretarial services to the Company Secretary. Pursuant to the terms of the Management Agreement, the secretarial services provided by the Company Secretary include (but are not limited to) the preparation, delivery and keeping of (as applicable) the Company's records, statutory books and registers, annual report and accounts, filing requirements of UK regulatory authorities and returns (including annual returns) required by thereunder; convening and recording general meetings and meetings of the board of directors of the Company; and the provision of the registered office of the Company.

A secretarial fee of £75,000 per annum (plus applicable VAT) is payable to the Company Secretary, which is chargeable 100 per cent. to revenue. A summary of the Management Agreement is set out in paragraph 7.1 of Part 11 (*General Information*) of this Prospectus.

### 2.3 Depositary and Custodian arrangements

The Company has appointed the Depositary as the Company's depositary and custodian under the AIFMD. The Depositary is responsible for, amongst other things, the safe keeping of the Company's assets. The Depositary has arranged for the safe keeping of the Company's financial instruments to be held and settles (directly or through sub-custodians) all transactions relating to those financial instruments on behalf of the Company. The Depositary reports to the Audit Committee at least annually, including on the Company's compliance with AIFMD.

In satisfaction of the services rendered by the Depositary pursuant to the Depositary Agreement for the year ended 30 June 2020, the Company was charged £77,613 by the Depositary. A summary of the Depositary Agreement is set out in paragraph 7.4 of Part 11 (*General Information*) of this Prospectus.

#### 2.4 Registrar

The Registrar is responsible for the maintenance of the register of members and for the transfer and settlement of Ordinary Shares as applicable. In satisfaction of the services rendered by the Registrar pursuant to the Registrar's Agreement for the year ended 30 June 2020, the Company was charged £82,802 by the Registrar. Details of the Registrar's Agreement are set out in paragraph 7.2 of Part 11 (*General Information*) of this Prospectus.

#### 2.5 Auditor

PricewaterhouseCoopers LLP is registered to carry on audit work in the UK and the Republic of Ireland by the Institute of Chartered Accountants in England and Wales and has been appointed as the auditor of the Company in respect of the financial year ended 30 June 2020 and going forward. Prior to this Ernst & Young LLP was the Company's auditor since its incorporation. The financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

### 3. Capital structure and duration

The Company's share capital structure immediately following the Issue will consist of Ordinary Shares. The Ordinary Shares will be in registered form and may be held in certificated or in uncertificated form. The Company does not have a fixed life.

### 4. Dividend policy

As the investment objective of the Company is to aim for a high and growing income combined with capital growth, the Company does not have any formal policy to achieve any specified level of dividend in any year. The Company's policy is to pay at least four interim dividends per year. The Company currently pays four interim dividends in each calendar year in March, June, September and December. The Company has increased its dividend in each of the last 47 years.

Interim dividends of 8.25 pence per Ordinary Share were paid by the Company on 20 December 2019, 10 March 2020 and 19 June 2020 for the first, second and third interim dividends for the financial year ended 30 June 2020. The fourth interim dividend of 9.50 pence per Ordinary Share was paid to Shareholders on 18 September 2020. The four interim dividends result in total dividends per Ordinary Share for the financial year ended 30 June 2020 of 34.25 pence, representing the 47<sup>th</sup> year of increase.

In respect of the first three interim dividends for the year ending 30 June 2021, the Directors intend to declare an enhanced First Interim Dividend, the Second Interim Dividend and the Third Interim Dividend. The aggregate of the First Interim Dividend, the Second Interim Dividend and the Third Interim Dividend amounts to 24.75 pence, being the same aggregate amount paid in respect of the first interim dividend, the second interim dividend and the third interim dividend for the year ended 30 June 2020. The First Interim Dividend will be time-weighted to the period from 1 July 2020 to the Effective Date, with a record date prior to the Effective Date and the Second Interim Dividend will be time-weighted to the period from the Effective Date to 31 December 2020 with a record date after the Effective Date. The holders of New Shares will not be entitled to the First Interim Dividend but rather will receive (prior to the Effective Date) a pre-liquidation special dividend from PLI as a holder of PLI Shares to reflect the distribution of PLI's revenue reserve (including current year net income to date). The holders of New Shares will be entitled to the Second Interim Dividend and the Third Interim Dividend and to any other dividends with a record date after the Effective Date.

## **5. Corporate governance**

### **5.1 Compliance**

The Board is committed to achieving and demonstrating high standards of corporate governance. The Board has put in place a framework for corporate governance which it believes is appropriate to an investment trust. In doing so, the Board has considered the principles and recommendations of the AIC Code. The AIC Code addresses all of the principles set out in the Corporate Governance Code, as well as setting out additional principles and recommendations which are of specific relevance to investment trusts.

The AIC Code is available on the AIC's website, [www.theaic.co.uk](http://www.theaic.co.uk). The Corporate Governance code is available on the Financial Reporting Council's website, [www.frc.org.uk](http://www.frc.org.uk).

### **5.2 Board independence, composition and tenure**

The Chairman and each of the other Directors is independent of the AIFM and the Investment Manager and each Director is non-executive. If the Scheme is implemented, the Board will also include the Proposed Additional Directors who will each be independent of the AIFM and the Investment Manager and will each be non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibilities for investment management have been delegated to the AIFM. The AIFM has delegated day-to-day management of the Portfolio to the Investment Manager. Jean Park is the Senior Independent Director.

The Board's policy on tenure is that Directors should not stand for re-election as a Director of the Company later than the annual general meeting following the ninth anniversary of their appointment to the Board save where there are exceptional circumstances and it is in shareholders' interests to extend a director's tenure beyond this date. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the relevance of individual length of service will be determined on a case by case basis. The Articles require that directors are subject to re-election at a maximum interval of three years but the Board has decided as a matter of Company policy that the Directors are required to retire and, if appropriate, seek re-election annually. The Board is not controlled by long-serving Directors. The Board considers that the benefits of experience and seniority are particularly important and generally help promote independent performance by directors in carrying out their duties. The Board considers that none of the Directors' other commitments interferes with the discharge of their duties to the Company.

The AIC Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. The Board conducts an annual evaluation of its performance and that of its Committees, using questionnaires and discussion amongst other tools, to ensure that the Directors have all devoted sufficient time and contributed adequately to the work of the Board and Committees.

### **5.3 Audit Committee**

The Audit Committee, chaired by Stephanie Eastment and comprising all of the Directors other than the Chairman of the Company, meets at least twice per year. The main responsibilities of the Audit Committee include monitoring the integrity of the Company's financial statements, the appropriateness of its accounting policies and reviewing the internal control systems and the risks to which the Company is exposed. The Audit Committee is also responsible for making recommendations to the Board regarding the appointment and independence of the Auditors, the objectivity and effectiveness of the audit process and monitoring any non-audit services provided to the Company by the Auditors. The Audit Committee confirms to the Board that the financial statements are fair, balanced and understandable and also recommends the approval of the Company's financial statements to the Board. In addition, the Audit Committee provides a forum through which the Auditor reports to the Board. Representatives from the AIFM and the Investment Manager may be invited to attend meetings of the Audit Committee and to report on matters as required.

#### 5.4 Management Engagement Committee

The Management Engagement Committee comprises all of the Directors and is chaired by Neil Rogan. The principal responsibilities of the Committee are to monitor and evaluate the performance of the Manager and, at least annually, to review the continued retention of the Manager and the relationship with the Manager and other key service providers to the Company. In monitoring the performance of the Manager, the Committee considers the investment record of the Company over the short and long term, taking into account its performance against the benchmark index, peer group investment trusts and open-ended funds, and against its delivery of investment objective to shareholders. The Committee also reviews the management processes, risk control mechanisms and promotional activities of the Manager.

#### 5.5 Nomination Committee

The Nomination Committee, chaired by Neil Rogan and comprising all of the Directors, meets at least annually. The Nomination Committee is responsible for determining the overall size and composition of the Board and ensuring that the Board has an appropriate balance of skills and experience to carry out its duties, for identifying and nominating to the Board new Directors and for proposing that existing Directors be re-elected.

The Nomination Committee is also responsible for longer-term succession planning, including setting a policy on tenure of individual Directors and the Chairman; performance evaluation of the Directors; and, oversight of appointments to the Board, including engagement of independent search consultants. The Nomination Committee's overriding priority in appointing new Directors is to identify the candidate with the optimal range of skills and experience to complement the existing Directors. The Board recognises the benefits, and is supportive, of the principle of diversity in its recruitment of new Directors.

The Nomination Committee undertakes an annual performance evaluation of the Board, led by the Chairman. When the Nomination Committee is reviewing the Chairman's performance, or considering his successor, the Nomination Committee is chaired by the Senior Independent Director.

#### 5.6 Remuneration Committee

Directors' remuneration is reviewed annually by the Remuneration Committee which comprises the whole Board and is chaired by Jean Park.

#### 5.7 Policy on Directors' fees

In accordance with the Articles, the aggregate fees of the Directors will not exceed £250,000 per annum. The limit can be amended by shareholder resolution from time to time and was last increased at the AGM in 2017. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive directors. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

### 6. Profile of typical investors

The Directors believe that the Ordinary Shares are intended for investors, primarily in the UK, including retail investors, professionally-advised private clients and institutional investors who are seeking a high and growing income combined with capital growth through investment in a portfolio principally of UK equities, and who understand and are willing to accept the risks of exposure to equities.

### 7. Taxation

A summary of certain limited aspects of UK taxation applicable to the Company and Shareholders is contained in Part 10 (*UK Tax*) of this Prospectus. If any PLI Shareholder is in any doubt about the tax consequences of his/her acquiring, holding, disposing or conversion of New Shares, he/she should seek advice from his/her own independent professional advisers.

## 8. Financial information

### 8.1 Financial reports

The audited annual financial statements of the Company are drawn up in pounds Sterling and prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. They include a statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, related notes and any additional information that the Board deems appropriate or that is required by applicable law.

The Company’s annual report and financial statements are prepared up to 30 June each year and ordinarily copies are sent to Shareholders within three months of the year-end. The Company’s annual accounting reference date is 30 June and the Company’s current accounting period will end on 30 June 2021. Shareholders also receive an unaudited half-year report covering the six months to 31 December each year which is usually despatched within two months of that date. The Company’s next unaudited half-year report will cover the period running from the 30 June 2020 to 31 December 2020.

Information on performance, holdings and investment activity is prepared by the AIFM and published monthly by the AIFM in the form of a factsheet to be made available on the Website.

In accordance with the AIFMD, the AIFM will ensure that the following information in relation to the Portfolio is published in the Company’s annual report and audited accounts:

- (a) the percentage of the Company’s assets which are subject to special arrangements arising from their illiquid nature;
- (b) any new arrangements for managing the liquidity of the Company;
- (c) the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks;
- (d) any changes to the maximum level of leverage which the AIFM may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement. The Company will, in addition, notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement through a RIS; and
- (e) the total amount of leverage employed by the Company.

### 8.2 Annual running expenses

In addition to management, advisory, administration and secretarial fees referred to in paragraph 2 of this Part 7 (*Directors, Management and Administration*) of the Prospectus, the Company will pay all other fees and expenses incurred in the operation of its business including, without limitation:

- (a) Directors’ fees and expenses;
- (b) fees and expenses for the Registrar, corporate broker, legal, auditing and other professional services;
- (c) the ongoing costs of maintaining the listing of the Ordinary Shares (where relevant) on the premium segment of the Official List and their continued admission to trading on the Main Market;
- (d) NAV publication costs;
- (e) directors and officers insurance premiums;
- (f) promotional expenses (including membership of any industry bodies, including the AIC and promotional initiatives by the AIFM as approved by the Board); and
- (g) costs of printing the Company’s financial reports and posting them to Shareholders.

The Enlarged Company’s operational costs are estimated to be £3.678 million for the financial year ended 30 June 2021 and £5.028 million for the financial year ended 30 June 2022.

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling Ordinary Shares.

### 8.3 Allocation of ongoing costs

Interest expenses will be recognised within 'finance costs' in the Statements of Comprehensive Income using the effective interest rate method. All other expenses will be recognised in the Statements of Comprehensive Income in the period in which they are incurred (on an accruals basis). The Company charges 30 per cent. of investment management fees and finance costs to revenue and 70 per cent. to capital.

### 8.4 NAV calculations and valuation policy

Under the Management Agreement, the AIFM is responsible for calculating the NAV per Share. The AIFM has sub-delegated this responsibility to the Investment Manager who in turn have engaged BNP Paribas Fund Services UK Limited. The unaudited NAV per Share is calculated on each Dealing Day (on a cum-income basis) by BNP Paribas Fund Services UK Limited and is announced by the Company Secretary through a RIS. Unless otherwise disclosed, the NAV is calculated in accordance with the recommendations of the AIC. In particular: (1) financial assets have been valued on a fair value basis using bid prices, or, if more appropriate, a last trade basis; (2) debt is valued at par and, where applicable, debt is also separately valued at market value; (3) diluted NAVs are disclosed where applicable (for this purpose, treasury shares are excluded for the purposes of calculation); and (4) provisions for performance fees are included where applicable.

The Board may determine that the Company shall temporarily suspend the determination of the NAV per Share when the prices of any investments owned by the Company cannot be promptly, accurately or without undue expenditure, ascertained. Any suspension in the calculation of the NAV will be notified to Shareholders through a RIS as soon as practicable after such suspension occurs.

The Company may delay public disclosure of the NAV to avoid prejudice to its legitimate interests, provided that such delay would not be likely to mislead the public and the Company has put in place appropriate measures to ensure confidentiality of that information.

For the purposes of valuing its investments the Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU). All investments have been designated upon initial recognition at fair value through profit or loss. This is done because all investments are considered to form part of a group of financial assets which is evaluated on a fair value basis, in accordance with the Company's documented investment strategy, and information about the grouping is provided internally on that basis. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the timeframe established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value through profit or loss. For listed investments, this is deemed to be bid market prices or closing prices for SETS (London Stock Exchange's electronic trading service) stocks sourced from the London Stock Exchange. Gains and losses arising from changes in fair value are included in the net return for the period as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

## 9. Conflicts of interest

The AIFM and the Investment Manager and their officers and employees may be involved in other financial, investment or professional activities that may on occasion give rise to conflicts of interest with the Company. In particular, the AIFM and the Investment Manager may provide investment management, investment advice or other services in relation to a number of funds that may have similar investment policies to that of the Company.

The AIFM and the Investment Manager will have regard to its obligations under the Management Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to their obligations to other clients or funds, should potential conflicts of interest arise.

The AIFM and the Investment Manager have put in place organisational and administrative arrangements to ensure that reasonable steps are taken to prevent a conflict giving rise to a

material risk of damage to the interests of its clients. In addition, where the AIFM or the Investment Manager pays or accepts any fee or commission, or provides or receives any non-monetary benefit in relation to its investment services, the AIFM and the Investment Manager take care to ensure that such benefits do not place it or any third party firm in a situation which would not be in compliance with the general duty to act in accordance with the best interests of their clients.

## PART 8: DETAILS OF ISSUE AND SCHEME

### 1. Introduction

The Issue is being undertaken pursuant to the proposed members' voluntary liquidation and a scheme of reconstruction of PLI under which PLI Shareholders will be entitled to elect to receive in respect of some or all of their PLI Shares:

- (a) New Shares (the "**Rollover Option**"); and/or
- (b) cash (the "**Cash Option**").

The Cash Option is limited to 20 per cent. of the PLI Shares in issue (excluding PLI Shares held in treasury). Should total elections for the Cash Option exceed 20 per cent. of the PLI Shares in issue (excluding PLI Shares held in treasury), excess Elections for the Cash Option will be scaled back into New Shares on a *pro rata* basis. PLI Shareholders who do not make a valid election under the Scheme will be deemed to have elected to receive New Shares in the Company. Valid elections under the Scheme must be received by 11.00 a.m. on 5 November 2020. The Scheme involves PLI being placed into members' voluntary liquidation and PLI Shareholders, who elected or are deemed to elect for the Rollover Option, receiving New Shares issued by the Company, in exchange for the transfer to the Company of the Rollover Pool. For the avoidance of doubt, no Unquoted Investments will be included in the assets transferred from PLI. The New Shares are only available to PLI Shareholders under the Scheme. The New Shares are not being offered to the Existing Shareholders or to the public. The Issue has not been underwritten.

The Board of PLI has resolved to recommend the Scheme to the PLI Shareholders.

### 2. Details of the Scheme

Subject to the satisfaction of the Conditions, PLI will be placed into members' voluntary liquidation and the Scheme will take effect. It is expected that the Scheme will become effective on the Effective Date, whereupon the cash, undertaking and other assets of PLI comprising the Rollover Pool shall be transferred to the Company pursuant to the Transfer Agreement together with the obligations under the PLI Note Purchase Agreement which shall transfer to the Company pursuant to the PLI Note Novation Agreement, in consideration for the issue of the New Shares. The relevant numbers of New Shares will be allotted to the Liquidators (as nominees for the PLI Shareholders entitled to them) who will renounce the New Shares in favour of the PLI Shareholders who elect or are deemed to have elected for the Rollover Option).

To the extent that an Overseas Shareholder would otherwise receive New Shares under the Scheme, either because no Election for the Cash Option was made or because an Excess Application for the Cash Option is scaled back in accordance with the Scheme, then such New Shares will be sold by the Liquidators in the market and the net proceeds paid to the relevant Overseas Shareholder.

In advance of the Effective Date, PLI and/or Invesco Fund Managers Limited (the alternative investment fund manager of PLI) (or their agents) will have, to the extent practicable, realised or realigned the undertakings and business carried on by PLI in accordance with the Scheme and the Elections made or deemed to have been made thereunder so that, so far as practicable, PLI will hold, in addition to assets destined to become the Cash Pool and the Liquidation Pool, investments suitable for transfer, by virtue of the Transfer Agreement, to the Rollover Pool on or before the Effective Date.

On the Calculation Date, or as soon as practicable thereafter but in any event at least 3 days prior to implementation of the Scheme, PLI shall procure that there shall be delivered to the Company (or its nominee) particulars of the undertaking, cash and other assets comprising the Rollover Pool in accordance with the terms of the Transfer Agreement.

Further details of the Transfer Agreement are provided in paragraph 7.7 of Part 11 (*General Information*) of this Prospectus and full details of the Scheme are set out in the circular to PLI Shareholders dated 12 October 2020.

### 3. Details of the Issue

The issue of the New Shares under the Rollover Option will be effected on a FAV for FAV basis as at the Calculation Date. The Calculation Date for determining the value of the Rollover Pool is expected to be at 5.00 p.m. on 12 November 2020.

In consideration for the transfer of the Rollover Pool to the Company, the New Shares shall be issued to holders of PLI Shares who elected or are deemed to have elected for the Rollover Option on the basis that the number of such New Shares to which each such holder is entitled shall be determined in accordance with the following formula (rounded down to the nearest whole number of New Shares):

$$\text{Number of New Shares} = \frac{A}{B} \times C$$

where:

A is the PLI FAV per Share;

B is the MUT FAV per Share; and

C is the aggregate number of PLI Rollover Shares held by the relevant PLI Shareholder.

Fractions of New Shares will not be issued under the Scheme and entitlements to such New Shares will be rounded down to the nearest whole number. Any assets representing a fraction of the entitlements of holders of PLI Shares who elected or are deemed to have elected for the Rollover Option whose holding of New Shares is rounded down shall be retained by the Company and represent an accretion to its assets.

The New Shares will rank equally in all respects with the existing issued Ordinary Shares other than in respect of the First Interim Dividend declared with a record date prior to the Effective Date.

For illustrative purposes only, had the Calculation Date been 8 October 2020 (being the latest practicable date prior to the publication of this Prospectus), and assuming that no PLI Shareholders exercise their right to dissent from participation in the Scheme, after deduction of the First Interim Dividend and of PLI'S pre-liquidation special dividend of 13.0 pence per PLI Share and assuming:

- (a) the maximum amount is elected for the Cash Option, the PLI FAV per Share would have been 242.584957 pence and the MUT FAV per Share would have been 798.062134 pence. On the basis of these figures, a PLI Shareholder who held 1,000 PLI Shares would have received 303 New Shares under the Scheme. In aggregate, 52,003,571 New Shares would have been issued to PLI Shareholders under the Scheme, representing approximately 44.0 per cent. of the issued Ordinary Share capital of the Enlarged Company; or
- (b) all PLI Shareholders had elected to receive New Shares, the PLI FAV per Share would have been 241.378066 pence and the MUT FAV per Share would have been 798.062134 pence. On the basis of these figures, a PLI Shareholder who held 1,000 PLI Shares would have received 302 New Shares under the Scheme. In aggregate, 64,681,058 New Shares would have been issued to PLI Shareholders under the Scheme, representing approximately 49.5 per cent. of the issued Ordinary Share capital of the Enlarged Company.

The results of the Scheme and the Issue, including the calculations of the MUT FAV per Share and the PLI FAV per Share and the number of New Shares to be issued under the Scheme, will be announced through a RIS as soon as reasonably practicable following the Calculation Date and prior to the Issue.

### 4. Conditions of the Scheme

The Scheme is conditional upon:

- (a) the passing of the resolutions at the PLI General Meetings and any conditions of such resolutions being fulfilled;
- (b) the passing of the resolutions to approve the payment of dividends from the Company's capital profits and the issue of the New Shares at the General Meeting;

- (c) the FCA agreeing to admit the New Shares to the Official List and the London Stock Exchange agreeing to admit the New Shares to trading on its Main Market, subject only to allotment;
- (d) the PLI Note Novation Agreement becoming unconditional in all respects, other than any condition relating to the Scheme becoming effective; and
- (e) the PLI Directors resolving to proceed with the Scheme.

Unless the conditions set out above have been satisfied or, to the extent permitted, waived by the Company and PLI at or before 31 December 2020, the Scheme shall not become effective.

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

The Proposals will not result in any proceeds being raised by the Company. The New Shares are being issued to the PLI Shareholders in consideration for the transfer of the Rollover Pool to the Company.

Subject as noted below, in the event that the Scheme is implemented, the Company and PLI have each agreed to bear their own costs associated with the Scheme. The fixed costs of the Proposals payable by the Company are estimated to be approximately £633,000 (including irrecoverable VAT).

Any costs of realignment/realisation of the PLI portfolio prior to the Scheme becoming effective will be borne by PLI. Any stamp duty, SDRT or other transaction tax, or investment costs incurred by the Company on the acquisition of the Rollover Pool or the deployment of the cash therein upon receipt and listing fees in relation to the listing of the New Shares, will be borne by the Enlarged Company. For illustrative purposes, the SDRT on the acquisition of the Rollover Pool based on PLI's portfolio as at 8 October 2020 (being the latest practicable date prior to the publication of this Prospectus) and assuming that no PLI Shareholders exercise their right to dissent from participation in the Scheme and the maximum amount is elected for the Cash Option, is expected to be approximately £2.3 million and the listing fees are expected to be approximately £285,000.

In the event that the Company resolves not to proceed to implement the Proposals on the terms agreed (including if Shareholders do not approve any resolution required to implement the Proposals, including approving the payment of dividends from the Company's capital profits) then the Company will bear the abort costs incurred by the Company and PLI in connection with the Proposals. In the event that PLI resolves not to proceed to implement the Proposals on the terms agreed (including if PLI Shareholders do not approve any resolution required to implement the Scheme) then PLI will bear the abort costs incurred by the Company and PLI in connection with the Proposals. In the event that both the Company and PLI resolve not to proceed to implement the Proposals on the terms agreed or do not obtain the required approvals then each party will bear its own costs.

The AIFM has agreed to waive the management fee payable by the Company in respect of the net assets transferred to the Company under the Scheme for the first 182 days following the completion of the Scheme. The financial value of this amount (which is estimated at £792,000 based on PLI's portfolio as at 8 October 2020 (being the latest practicable date prior to the publication of this Prospectus) and assuming that no PLI Shareholders exercise their right to dissent from participation in the Scheme and the maximum amount is elected for the Cash Option) will be for the benefit of the Shareholders of the Enlarged Company. For the avoidance of doubt, this amount will not be taken into account in the calculation of either the MUT FAV per Share or the PLI FAV per Share.

## **6. Admission and dealings**

Application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium segment of the Official List and to trading on the Main Market. The existing Ordinary Shares are already traded there. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List on 18 November 2020, and the first day of dealings in such New Shares on the Main Market will be 18 November 2020.

The New Shares will be in registered form. Temporary documents of title will not be issued. The ISIN of the New Shares will be GB0006111123. PLI Shareholders who hold their PLI Shares in uncertificated form and are entitled to receive New Shares, will receive New Shares in uncertificated

form on 18 November 2020. Certificates in respect of New Shares to be issued to PLI Shareholders who hold their PLI Shares in certificated form and are entitled to receive New Shares, will be despatched in the week commencing 23 November 2020.

Fractional entitlements to New Shares pursuant to the Scheme will not be issued under the Proposals and entitlements will be rounded down to the nearest whole number. No cash payments shall be made or returned in respect of any fractional entitlements which will be retained for the benefit of the Company.

## **7. Dilution**

Existing Shareholders are not able to participate in the Issue and will suffer a dilution to the percentage of the issued share capital that their current holding represents based on an actual number of New Shares issued. For the avoidance of doubt, the value of the underlying assets and the NAV per Share attributable to the Existing Shareholders will not be altered as a direct consequence of the Scheme becoming effective.

For illustrative purposes only, had the Calculation Date been 8 October 2020 (being the latest practicable date prior to the publication of this Prospectus), and assuming that no PLI Shareholders exercise their right to dissent from participation in the Scheme and that:

- (a) the maximum amount is elected for the Cash Option, so that 52,003,571 million New Shares were issued, Existing Shareholders would have suffered a dilution of approximately 44.0 per cent. to their existing percentage holdings; or
- (b) all PLI Shareholders had elected to receive New Shares, so that 64,681,058 million New Shares were issued, Existing Shareholders would have suffered a dilution of approximately 49.5 per cent. to their existing percentage holdings.

## **8. Overseas Shareholders**

The issue of New Shares to persons not resident in, or who are outside, the United Kingdom may be affected by the laws or regulatory requirements of relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. In particular:

- (a) the New Shares have not been and will not be registered under the United States Securities Act 1933, as amended, or qualify under applicable United States' state statute and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada, Australia, Japan or the Republic of South Africa;
- (b) been and will not be registered under the United States Investment Company Act of 1940, as amended, and investors are not entitled to the benefits of that Act; and
- (c) no offer is being made, directly or indirectly, under the Scheme, in or into by the use of mails, or by means of instrumentality (including, without limitation, facsimile, or transmission, telex or telephone) of interstate or foreign commerce, or of any facility in a national securities exchange, of the United States, Canada, Australia, Japan or the Republic of South Africa.

It is the responsibility of Overseas Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Issue, including obtaining any governmental or exchange control or other consents which may be required, compliance with all necessary formalities and the payment of any issue, transfer or other taxes or duties due in such jurisdiction. PLI Shareholders who are subject to taxation outside the UK should consult their independent financial adviser as soon as possible.

Overseas Shareholders who wish to participate in the Scheme should contact PLI directly if they are able to demonstrate, to the satisfaction of the PLI Directors and the Directors, that they can be issued New Shares without breaching any relevant securities laws. Unless the PLI Directors or the Directors are so satisfied (in their respective absolute discretions), to the extent that an Overseas Shareholder would otherwise receive New Shares under the Scheme, either because no Election for the Cash Option was made or because an Excess Application for the Cash Option is scaled back in accordance with the Scheme, such New Shares will instead be issued to the Liquidators as nominees on behalf of such Overseas Shareholder who will arrange for such shares to be sold promptly by a market maker. The net proceeds of such sales (after deduction of any costs incurred

in effecting such sales) will be paid to the relevant Overseas Shareholders entitled to them within 10 Business Days of the date of sale, save that entitlements of less than £5.00 per Overseas Shareholder will be retained by the Company for its own account.

Overseas Shareholders will not receive a Prospectus unless they have satisfied the Directors that they are entitled to receive and hold New Shares without breaching any relevant securities laws and without the need for compliance on the part of the Company or PLI with any overseas laws, regulations, filing requirements or the equivalent.

The provisions of the Scheme relating to Overseas Shareholders may be waived, varied or modified as regards a specific PLI Shareholder or on a general basis by the Directors and the PLI Directors in their respective absolute discretion.

## PART 9 – FINANCIAL INFORMATION

### 1. Introduction

The financial statements of the Company for the financial year ended 30 June 2020 (“**Statutory Accounts**”) have been prepared in accordance with United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”. The Statutory Accounts, in respect of which the Auditor, who are members of the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 495 and section 497 of the Companies Act 2006, did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

Details of where the Statutory Accounts are displayed can be found in paragraph 14 of Part 11 (*General Information*) of this Prospectus.

### 2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published annual report including audited financial statements of the Company for the financial year ended 30 June 2020 (“**Annual Report**”) as set out in the table below and is expressly incorporated by reference into this Prospectus. The non-incorporated parts of these annual reports of the Company are either not relevant to investors or covered elsewhere in this Prospectus.

<b>Nature of information</b>	<b>Annual Report Page No.</b>
Financial Highlights	2
Chairman’s Statement	6-10
Investment Manager’s Report	11-15
Portfolio of Investments	28-33
Independent Auditors’ Report	53-58
Statement of Comprehensive Income	60
Statement of Financial Position	61
Statement of Changes in Equity	62
Statement of Cash Flows	63
Notes to the Financial Statements	64-79

### 3. Selected Financial Information

The information in this paragraph 3 is information regarding the Company which has been prepared by the Company and has been extracted directly from the historical financial information referred to in paragraph 2 above of this Part 9 (*Financial Information*). Selected historical audited financial information relating to the Company which summarises the financial condition of the Company for the financial year ended 30 June 2020 is set out in the following table:

	<b>Year ended 30 June 2020</b>
<b>Net asset value</b>	
Net assets (£'000)	£534,361
Total Shareholders' funds (£'000)	£534,361
Net asset value per Ordinary Share (Debt at par value)	808.3p
<b>Income</b>	
Revenue net return after taxation (£'000)	20,164
Revenue return per Ordinary Share (pence)	30.5p
<b>Dividends</b>	
Dividend per Ordinary Share in respect of the financial year (pence)	34.25p
<b>Ongoing charges</b>	
As a percentage of average equity Shareholders' funds (unaudited)	0.64
<b>NAV/share price returns</b>	
Net asset value per share total return (unaudited)	-5.3%
Ordinary Share price total return (unaudited)	-5.8%

### 4. Operating and Financial Review

A description of changes in the performance of the Company, both capital and revenue, and changes to the Portfolio is set out in the sections headed "Chairman's Statement", "Investment Manager's Report" and "Investment Portfolio" in the published Annual Report as follows:

<b>Nature of information</b>	<b>Annual Report Page No.</b>
Chairman's Statement	6-10
Investment Manager's Report	11-15
Investment Portfolio	28-33

### 5. Significant change

Since 30 June 2020 (being the end of the most recent financial period of the Company for which financial information has been published), there has been no significant change in the financial position of the Company.

## 6. Capitalisation and indebtedness

The following table sets out the unaudited indebtedness of the Company as at 31 August 2020 (distinguishing between guaranteed and unguaranteed, and secured and unsecured indebtedness) and the unaudited capitalisation of the Company as at 31 August 2020 (in each case being unaudited financial information extracted from the latest internal management accounting records held by the Company):

	<b>As at 31 August 2020 (unaudited) (£'000)</b>
<b>Current debt</b>	
– Guaranteed	—
– Secured	—
– Unguaranteed/unsecured	6,526
<b>Total current debt</b>	<b>6,526</b>
<b>Non-current debt</b>	
– Guaranteed	—
– Secured	39,906
– Unguaranteed/unsecured	—
<b>Total non-current debt</b>	<b>39,906</b>
<b>TOTAL INDEBTEDNESS</b>	<b>46,432</b>
<b>Capitalisation – Shareholder’s equity</b>	
– Share capital	17,148
– Share premium account	24,020
– Capital redemption reserves	4,997
<b>TOTAL SHAREHOLDERS’ EQUITY</b>	<b>46,165</b>

There was no change in the capitalisation of the Company between 30 June 2020, being the date of the Company’s last published financial information, and 31 August 2020, being the date of the Company’s last internal management accounting records (which are unaudited).

As at 8 October 2020, being the last practicable date prior to the publication of this Prospectus, there has been no change to the capitalisation of the Company since 31 August 2020, being the date of the Company’s last internal management accounting records (which are unaudited).

The following table shows the Company's unaudited net indebtedness as at 31 August 2020:

		<b>31 August 2020 (unaudited) £'000</b>
A	Cash	9,379
B	Cash equivalent	—
C	Trading securities	—
D	Liquidity (A+B+C)	9,379
E	Current financial receivable	—
F	Current bank debt	(6,526)
G	Current portion of non-current debt	—
H	Other current financial debt	—
I	Current financial debt (F+G+H)	(6,526)
J	Net current financial liquidity/(indebtedness) (I+E+D)	2,853
K	Non-current bank loans	—
L	Bonds issued	—
M	Other non-current loans	(39,906)
N	Non-current financial indebtedness (K+L+M)	(39,906)
O	Net financial liquidity/(indebtedness) (J+N)	(37,053)

The Company has no further indirect or contingent indebtedness.

## **7. Working capital**

The Company is of the opinion that the working capital available to the Company is sufficient for the Company's present requirements (that is, for at least the next 12 months from the date of this Prospectus).

## **8. Net Asset Value**

The unaudited Net Asset Value per Ordinary Share as at 8 October 2020 was 811.57 pence including current income.

## **9. Analysis of Portfolio**

As at 8 October 2020 (being the latest practicable date prior to the publication of this Prospectus), the Portfolio comprised investments and cash with an aggregate unaudited value, calculated in accordance with the Company's accounting policies, of approximately £584.41 million.

Further details of the Portfolio can be found in paragraphs 2, 3 and 4 of Part 6 (*Investment Strategy and Portfolio*) of this Prospectus.

The information in this paragraph 9 is unaudited information on the Company, which has been extracted from the latest internal management accounting records held by the Company.

## PART 10: UK TAX

The information below is a general guide based on current UK taxation law and HMRC published practice in force as at the date of this Prospectus, both of which are subject to change (possibly with retrospective effect). It does not constitute tax advice. In particular, the tax legislation of the PLI Shareholder's country of domicile or residence and of the Company's country of incorporation and/or tax residence may have an impact on returns received from the Ordinary Shares.

The information below summarises the tax position of the Company and of Shareholders who are UK resident for UK tax purposes (except where indicated) and hold Ordinary Shares as investments. PLI Shareholders who are in any doubt about their tax position, or who may be subject to tax in a jurisdiction other than the UK, are recommended to take professional advice.

The comments apply only to Shareholders who are the beneficial owners of their Ordinary Shares who hold their Ordinary Shares as an investment, who are not regarded as having acquired their Ordinary Shares as a result of a right or opportunity made available by an office or employment held by any person and who do not fall within certain special classes of Shareholder, such as dealers in securities, operators of depositary receipt or clearance systems, collective investment schemes or insurance companies.

### 1. The Company

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under section 1158 and 1159 of CTA 2010 and the Investment Trust Regulations. Having previously obtained approval from HMRC, the Company will continue to be approved as an investment trust pursuant to the Investment Trust Regulations and will therefore continue to have investment trust status in each accounting period, other than where the Company breaches any of the eligibility conditions in section 1158 (and/or section 1159) of CTA 2010 or commits a serious breach of any of the requirements imposed by the Investment Trust Regulations. In order to maintain its investment trust status for an accounting period, the Company must not, *inter alia*, be a close company as defined in section 439 of CTA 2010 at any time in that accounting period. The Directors do not anticipate that the Company will be a close company as defined in section 439 of CTA 2010.

Provided that it continues to have investment trust status, the Company will not be liable for UK corporation tax in respect of its capital gains.

The Company will, however, be liable to UK corporation tax on its income profits in the normal way, with dividend income generally being exempt from UK corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates, and potentially foreign taxes, at varying rates, but double taxation relief may be available on income that is also subject to UK tax. Capital gains derived by the Company may be subject to capital gains taxes in the overseas investee jurisdictions, at varying rates, but double taxation relief may be available.

### 2. Shareholders

#### 2.1 Taxation of capital gains

Individual Shareholders resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, UK corporation tax, on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Ordinary Shares. From 6 April 2020, a chargeable gain arising on a disposal by an individual Shareholder who is resident in the UK for taxation purposes will be subject to capital gains tax at a rate of tax of 20 per cent. where the individual pays income tax at the higher or additional rates of tax or where (and then to the extent only that) the Shareholder pays UK income tax at the basic rate of tax and the gain exceeds the unused portion of the Shareholder's basic rate band; otherwise a capital gains tax rate of 10 per cent. applies. An individual Shareholder may be able to claim certain reliefs (including the Annual Exempt Amount of the first £12,300 of capital gains received in the fiscal year 2020/21) subject to their personal circumstances.

Shareholders which are corporations resident in the UK will generally be liable to UK corporation tax on chargeable gains arising from the sale or other disposal of their Ordinary Shares. Shareholders which are corporations resident in the UK will no longer benefit from an indexation allowance which, in general terms, was used to increase the tax base cost of an asset in accordance with changes in the Retail Price Index. Under measures enacted in Finance Act 2018, indexation allowance (which applied solely to corporate bodies and not individuals from 6 April 2008) was frozen as at 31 December 2017 such that for disposals on or after 1 January 2018 the indexation allowance will only be calculated up to 31 December 2017, irrespective of the date of disposal. Therefore, for chargeable assets acquired after 31 December 2017, the indexation allowance will no longer be available. Indexation allowance may not create or increase an allowable loss.

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK taxes on capital gains arising from the sale or other disposal of their Ordinary Shares unless those Ordinary Shares are held through or for the purposes of a UK branch or agency or (in the case of a corporate Shareholder) a UK permanent establishment. Such Shareholders may be subject to foreign taxation depending upon their personal circumstances.

## 2.2 Taxation of dividends

### *General*

The Company has to date not elected into the streaming regime in relation to dividends paid by the Company and therefore no part of any dividend received is expected to be treated as interest.

### *Individuals*

Each individual who is resident in the UK for tax purposes is entitled to an annual tax-free dividend allowance of £2,000 (fiscal year 2020/21). Dividends received in excess of this allowance will be subject to UK income tax for the fiscal year 2020/21 at 7.5 per cent. (to the extent that, when added to the Shareholder's taxable income from other sources, the dividends are within the Shareholder's basic rate band), 32.5 per cent. (to the extent that, when added to the Shareholder's taxable income from other sources, the dividends are within the Shareholder's higher rate band) and 38.1 per cent. (to the extent that, when added to the Shareholder's taxable income from other sources, the dividends exceed the Shareholder's higher rate band).

No UK withholding tax will be applied to dividends paid by the Company.

### *Other Shareholders*

In general, UK resident corporate Shareholders (other than dealers and certain insurance companies) may be subject to UK corporation tax on dividends paid by the Company unless the dividends fall within one of the exempt classes contained within Part 9A of CTA 2009.

**Non-UK resident Shareholders may be subject to tax on dividend income under any law to which they are subject outside of the UK. It is important that PLI Shareholders who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.**

## 3. Stamp duty and stamp duty reserve tax

### 3.1 Issue of New Shares pursuant to the Issue

The issue of New Shares pursuant to the Issue should not give rise to any stamp duty or SDRT.

### 3.2 Subsequent transfers

If an instrument of transfer of the Ordinary Shares is executed (for example, if the Ordinary Shares are not transferred through CREST), it will generally be subject to stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given, if the consideration (taken together with the consideration for any larger transaction or series of transactions of which the transfer forms part) exceeds £1,000. The stamp duty payable must be rounded up to the nearest multiple of £5. When

such an instrument of transfer is duly stamped and stamp duty is paid within specified time limits, the SDRT charge will be cancelled and any SDRT already paid will be refunded.

Paperless transfers of Ordinary Shares (such as those occurring within CREST where there is a change in the beneficial ownership of the shares) are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. (the amount payable being rounded up to the nearest penny) of the amount or value of the consideration given. When Ordinary Shares are transferred into the CREST system, there should generally be no SDRT on the transfer (unless made for a consideration, in which case SDRT will be payable at the rate of 0.5 per cent. of the actual consideration given, the amount payable being rounded up to the nearest penny).

Liability to pay stamp duty or SDRT is normally that of the transferee or purchaser.

Certain persons (e.g. brokers or custodians) may have SDRT liabilities and compliance obligations in respect of certain transactions and agreements involving Ordinary Shares. Such persons should seek their own professional advice in respect of these liabilities and obligations.

Special rules may apply to transfers, or agreements to transfer, treasury shares. Specific advice should be sought in respect of such transactions.

#### **4. ISAs, SIPPs and SSASs**

To the extent that PLI Shareholders hold their PLI Shares within an ISA, SIPP or SSAS, New Shares issued to the PLI Shareholders pursuant to the Scheme should also be eligible for inclusion within the same ISA, SIPP or SSAS.

#### **5. Information reporting**

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

## PART 11: GENERAL INFORMATION

### 1. Responsibility

The Company, whose registered office appears in paragraph 2.2 of this Part 11 (*General Information*), and the Directors and the Proposed Additional Directors accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company, the Directors and the Proposed Additional Directors, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. All of the Directors and the Proposed Additional Directors accept responsibility accordingly.

### 2. The Company

- 2.1 The Company was incorporated in Scotland on 8 June 1923 with registered number SC012725 as a public company limited by shares under the Companies Act 2006. The Company is registered as an investment company under section 833 of the Companies Act 2006. The Company's LEI is 549300IRNFGVQIQHUI13. The Company does not have a fixed life.
- 2.2 As a listed investment trust, the Company is not regulated as a collective investment scheme by the FCA. However, as a company with its shares admitted to listing on the premium segment of the Official List and to trading on the Main Market, it is subject to the Prospectus Regulation Rules, the Listing Rules, the DTR, the Takeover Code, the Market Abuse Regulation and the rules of the London Stock Exchange. The Company is domiciled in Scotland. The Company is an alternative investment fund pursuant to the AIFMD. The principal legislation under which the Company operates is the Companies Act 2006.
- 2.3 The address of the registered office and principal place of business of the Company is 1 George Street, Edinburgh, Scotland, EH2 2LL, with freephone telephone number: 0808 500 0040.
- 2.4 The Company has no employees and its day-to-day activities are delegated to third parties.
- 2.5 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 CTA 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the key conditions that must be met for approval by HMRC for any given accounting period as an investment trust are that:
  - 2.5.1 all, or substantially all, of the business of the Company is investing its funds in shares, land or other assets (being shares in the case of the Company) with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;
  - 2.5.2 the Company is not a close company at any time during the accounting period for which approval is sought;
  - 2.5.3 the Company is resident in the UK throughout that accounting period;
  - 2.5.4 the Company's ordinary share capital is admitted to trading on a regulated market (as defined in FSMA) throughout the accounting period; and
  - 2.5.5 the Company must not retain in respect of the accounting period an amount greater than the higher of: (i) 15 per cent. of its income for the period; and (ii) 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 (i) and (ii) above, it may retain an amount equal to the amount of such losses.

### 3. Share capital

- 3.1 As at 8 October 2020, being the latest practicable date prior to the publication of this Prospectus, the issued and fully paid share capital of the Company (excluding Ordinary Shares held in treasury) consisted of:

	<b>Nominal value (£)</b>	<b>Number</b>
Ordinary Shares	16,527,603.25	66,110,413

- 3.2 As at 8 October 2020, being the latest practicable date prior to the publication of this Prospectus, the Company held 2,483,045 Ordinary Shares in treasury. The Ordinary Shares are admitted to the premium listed segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. The Company has no authorised share capital.

- 3.3 For illustrative purposes only, had the Calculation Date been 8 October 2020 (being the latest practicable date prior to the publication of this Prospectus), and assuming that no PLI Shareholders exercise their right to dissent from participation in the Scheme and assuming:

- 3.3.1 the maximum amount is elected for the Cash Option, so that 52,003,571 million New Shares were issued, the issued and fully paid share capital of the Company immediately following the Issue (excluding treasury shares) would have been as follows:

	<b>Nominal value (£)</b>	<b>Number</b>
Ordinary Shares	29,528,496	118,113,984

- 3.3.2 all PLI Shareholders had elected to receive New Shares, so that 64,681,058 million New Shares were issued, the issued and fully paid share capital of the Company immediately following the Issue (excluding treasury shares) would have been as follows:

	<b>Nominal value (£)</b>	<b>Number</b>
Ordinary Shares	32,697,867.75	130,791,471

- 3.4 In addition to the ordinary business of the Company, resolutions were passed at the AGM held on 5 November 2019 as follows:

- 3.4.1 in substitution of all existing powers, the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £826,380 (or, if less, the number representing 5 per cent. of the total Ordinary Shares in issue (excluding treasury shares) as at 5 November 2019), during the period expiring on the conclusion of the Annual General Meeting or on 31 December 2020, whichever is earlier, but so that this authority allowed the Company to make offers or agreements before the expiry of this authority which would or might require Ordinary Shares to be allotted after such expiry and the Directors be entitled to allot Ordinary Shares in pursuance of such an offer or agreement as if such authority had not expired;

- 3.4.2 in substitution of all existing powers, the Directors were generally empowered (pursuant to section 570 of the Companies Act 2006) to allot equity securities for cash pursuant to the authority referred to in paragraph 3.4.1 above or otherwise as if section 561 of the Companies Act 2006 did not apply to any such allotment and to sell or transfer equity securities if, immediately before the sale or transfer, such equity securities are held by the Company as treasury shares as if section 561 of the Companies Act 2006 did not apply to any such sale or transfer provided that this power:

- 3.4.2.1 expires at the conclusion of the Annual General Meeting or on 31 December 2020, whichever is earlier, but so that this power enabled the Company to make offers or agreements which would or might require equity securities to be allotted or treasury

- shares to be sold or treasured after the expiry of this power and the Directors may allot equity securities or sell or transfer treasury shares in pursuance of any such offers or agreements as if this power had not expired;
- 3.4.2.2 shall be limited to the allotment of equity securities up to an aggregate nominal amount of £1,652,760 (or, if less, the number representing 10 per cent. of the total Ordinary Shares in issue (excluding treasury shares) as at the date of passing of the resolution); and
- 3.4.2.3 shall be limited in respect of the issue of shares or the sale of equity securities from treasury in the circumstances detailed in the section headed "Authority to allow shares and disapply pre-emption rights" in the Directors report on page 26 of the Annual Report of the Company for the year ended 30 June 2019 and at a price not less than 0.5 per cent. above the NAV per Share (as determined by the Directors); and
- 3.4.3 the Company was generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Ordinary Shares and to cancel or hold in treasury such Ordinary Shares, provided that:
- 3.4.3.1 the maximum number of Ordinary Shares authorised to be purchased shall be an aggregate of 9,909,950 Ordinary Shares or, if less, the number representing 14.99 per cent. of the total Ordinary Shares in issue (excluding treasury shares) as at 5 November 2019;
- 3.4.3.2 the minimum price which may be paid for an Ordinary Share shall be 25 pence;
- 3.4.3.3 the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is the higher of: (i) 5 per cent. above the average of the middle market quotations for a share taken from, and calculated by reference to, the Official List for the five Business Days immediately preceding the day on which the share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
- 3.4.3.4 the authority will expire on 31 December 2020 or, if earlier, at the conclusion of the Annual General Meeting unless such authority is previously varied, revoked or renewed prior to such time; and
- 3.4.3.5 the Company may enter into a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority and may purchase its Ordinary Shares pursuant to any such contract notwithstanding such expiry above.
- 3.5 The Directors intend to request that the Shareholders renew the authorities set out in paragraph 3.4 above at the Annual General Meeting. Such renewed authorities will not substitute or revoke the authority granted at the General Meeting to issue the New Shares in connection with the Issue, as referred to at paragraph 3.6 below.
- 3.6 At the General Meeting, the Directors will seek Shareholder authority generally and unconditionally, pursuant to section 551 of the Companies Act 2006, to allot New Shares and to grant rights to subscribe for or to convert any securities into New Shares up to an aggregate nominal amount of £25,000,000 in connection with the Issue (such authority to expire on 31 December 2020 (unless previously revoked)).
- 3.7 The provisions of section 561 of the Companies Act 2006 (which, to the extent not disapplied pursuant to section 570 or section 573 of the Companies Act 2006, 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 in paragraph 3.4.2 above or those resolutions to be passed at the Annual General Meeting referred to at paragraphs 3.5 above.
- 3.8 As at 8 October 2020, being the latest practicable date prior to the publication of this Prospectus:

- 3.8.1 no subscriptions, issues or options are to be given by the Company, or are already existing, in respect of any securities of the Company, including any that have a prior right over the Ordinary Shares to a distribution of the profits or assets of the Company;
- 3.8.2 no shares which do not represent capital have been issued by the Company and remain outstanding;
- 3.8.3 no convertible securities, exchangeable securities or securities with warrants have been issued by the Company and remain outstanding; and
- 3.8.4 save in connection with the Issue there are no acquisition rights and/or obligations over any of the Company's authorised but unissued capital and no undertakings to increase the Company's capital.
- 3.8.5 As at 8 October 2020, being the latest practicable date prior to the publication of this Prospectus, there have been no changes in the share capital of the Company, or public takeover bids in respect of the Company's equity, and the Company has neither issued shares in the Company, nor bought back shares in the Company to be held in treasury, in each case since the financial year ended 30 June 2019.

#### **4. Articles of Association**

Below is a summary of the provisions in the Articles relating to the rights attached to the securities, including any limitation of those rights and procedures for the exercise of those rights. Further below is a summary of the Board's proposed amendment to the Articles to be put to the Shareholders for approval at the General Meeting which, if passed at the General Meeting, will apply as at the Effective Date.

##### **4.1 Summary of the share rights in the Articles as at the date of this Prospectus**

###### **4.1.1 Variation of rights**

Subject to the provisions of the Companies Act 2006, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (whether or not the Company is being wound up) may be varied either with the consent in writing of the holders of 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 meeting of the holders of the shares of that class. At every such separate General Meeting the necessary quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (excluding any shares of that class held as treasury shares), (but at any adjourned meeting any holder of shares of the class present in person or by proxy (whatever the number of shares held by him) shall be a quorum). At such separate General Meeting, any holder of shares of the class present in person or by proxy (excluding any shares of that class held as treasury shares) may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him (subject to any rights or restrictions attached to any class of shares). The foregoing provisions shall apply to the variation of any special rights which only attach to certain shares of a particular class as if the shares carrying such special rights formed a separate class.

###### **4.1.2 Alteration of share capital**

Subject to any direction by the Company in general meeting, whenever as a result of any consolidation and division or sub-division of shares any members of the Company would become entitled to any issued shares of the Company in fractions, the Board may deal with such fractions as it shall determine and in particular may sell the shares to which members would become so entitled in fractions to any person (including, subject to the provisions of the Statutes, the Company) for the best price reasonably obtainable and pay and distribute to and amongst the members entitled to such shares, in due proportions, the net proceeds of the sale thereof provided that where the entitlement of a member is to a sum of less than £3.00 then such sum may be retained by the Company for its own benefit.

For the purpose of giving effect to any such sale the Board may authorise some person to transfer or deliver the shares to, or in accordance with the directions of, the purchaser and may cause the

name of the purchaser to be entered in the Register as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. So far as the Statutes allow, the Board may treat certificated shares of a member and uncertificated shares of the same member as separate holdings in giving effect to subdivisions and/or consolidations and may cause any shares arising on consolidation or subdivision and representing fractional entitlements to be entered in the Register as certificated shares where this is desirable to facilitate the sale thereof.

The Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any manner permitted by, and in accordance with, the Statutes.

#### 4.1.3 Issue of shares

Subject to the provisions of the Companies Act 2006 and to any rights attaching to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine (or if the Company has not so determined, as the Directors may determine).

#### 4.1.4 Dividends

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders but no dividend shall exceed the amount recommended by the Directors. The Directors may pay interim dividends, or dividends payable at a fixed rate, if it appears to them that they are justified by the financial position of the Company. If the Directors act in good faith they shall not incur any liability to the holders of shares for any loss they may suffer in consequence of the payment of an interim or fixed dividend on any other class of shares ranking *pari passu* with or after those shares.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide: (i) all dividends shall be declared and paid according to the amounts paid upon the share in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share; (ii) all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the share during any portion or portions of the period in respect of which the dividend is paid; and (iii) dividends may be declared or paid in any currency.

#### 4.1.5 Reserves

##### 4.1.5.1 Sums carried to reserve

The Board may, before recommending any dividend or capital distribution, from time to time set aside out of the profits of the Company and carry to reserves such sums as they think proper which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may properly be applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Board think fit.

The Board may divide the reserves into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserves may have been divided. The Board may also, without placing the same to reserves, carry forward any profits. In carrying funds to reserves and in applying the same the Board shall comply with the provisions of the Statutes.

##### 4.1.5.2 Capital reserve

The Board shall establish a reserve called the "capital reserve" and shall either carry to the credit of such reserve from time to time all capital profits or appreciations arising on the sale, transposition, payment of or revaluation of any investment or other capital asset of the Company in excess of the book value thereof or apply the same in providing for depreciation or contingencies. For the avoidance of doubt, accrued but unpaid interest or any sum received in respect of accrued but unpaid interest shall not be treated as capital profits or appreciations arising on the sale, transposition, payment off of or revaluation of any investment or other capital asset. Any losses realised on the sale, transposition, payment off of or revaluation of any investment or other capital

asset and any other expenses, loss or liability (or provision thereof) considered by the Board to be of a capital nature 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 increase or diminution in the amount of any index-linked stock or other index-linked obligation of the Company shall be carried to the debit or credit of the capital reserve, except so far as the Board may in its discretion decide to make good the same out of or credit the same to other funds or reserves of the Company.

Subject to the Statutes and without prejudice to the foregoing generality, the Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other. The Board may determine whether any cost, liability or expense (including, without limitation, any costs incurred or sums expended in connection with the management of the assets of the Company or finance costs (including, without limitation, any interest payable by the Company in respect of any borrowings of the Company)) is to be treated as a cost, liability or expense chargeable to capital or to revenues or partly one and partly the other, having regard, *inter alia*, to the investment objectives of the Company, and to the extent the Board determines that any such cost, liability or expense should reasonably and fairly be apportioned to capital the Board may debit or charge the same to the capital reserve.

For so long as the Company has given (and not revoked) notice that it is an investment company under section 833 the Act, any surplus over the book value derived from the sale or realisation of any capital asset and any other sums representing capital profits within the meaning of section 832 of the Companies Act 2006 or any other accretions to capital assets, including in particular any sums resulting from the writing up of the book values of any capital assets and any surpluses arising from the realisation of investments, shall not be transferred to the revenue account or be regarded or treated as profits of the Company available for dividend or any other distribution within the meaning ascribed thereto by section 829 of the Companies Act 2006 (otherwise than by way of the redemption or purchase of any of the shares in accordance with Chapter 3 or 4 of Part 18 of the Companies Act 2006).

#### 4.1.6 Voting rights

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles or statute, on a vote on a resolution on a show of hands at a general meeting, every Shareholder present in person has one vote, every proxy present who has been duly appointed by a Shareholder entitled to vote has one vote and every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to.

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles or statute, on a vote on a resolution on a poll at a general meeting, every shareholder (whether present in person or by proxy or by corporate representative) has one vote for every share of which he is the holder. In the case of joint holders, the vote of the person whose name appears before the names of the other joint holder(s) on the Register in respect of the share and who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders.

No Shareholder shall have any right to vote at any General Meeting or at any separate meeting of the holders of any class of share, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid. The Board may decide otherwise.

#### 4.1.7 Transfer of shares

A share in certificated form may be transferred by an instrument of transfer, which may be in any usual form or in any other form approved by the Directors, executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. A share in uncertificated form may be transferred by means of the relevant electronic system concerned.

The Board may, in its absolute discretion and without giving any reason for so doing, decline to register any transfer of any share which is not a fully paid share provided that where such share is admitted to the Official List such discretion may not be exercised in such a way as to prevent dealings in shares of that class from taking place on an open and proper basis.

In addition, the Board may refuse to register a transfer of certified Shares unless (i) instrument of transfer is left at the Office or such other place as the Board may from time to time determine accompanied (save in the case of a transfer by a person to whom the Company is not required by law to issue a certificate and to whom a certificate has not been issued) by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the person executing the instrument of transfer to make the transfer; (ii) (if stamp duty is generally chargeable on transfers of certificated shares) the instrument of transfer is duly stamped or adjudged or certified as not chargeable to stamp duty; (iii) the instrument of transfer is in respect of only one class of share; and (iv) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

The Board may decline to register a transfer of an uncertificated share in the circumstances set out in the Uncertificated Securities Regulations, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

If the Directors refuse to register or authorise the registration of a transfer of a share, they shall send notice of refusal to the transferee together with reasons for the refusal as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company or its registrar.

No fee shall be charged for the registration of any instrument of transfer or other document or instruction relating to or affecting the title to any share.

#### 4.1.8 Distribution of assets on a winding-up

If the Company is wound up, and with the sanction of a special resolution, the liquidator may divide among the Shareholders in specie or kind the whole or any part of the assets of the Company and for that purpose may value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. With the like sanction, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Shareholders as he may determine, but no Shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

#### 4.1.9 Restrictions on rights: failure to respond to a Section 793 notice

If a Shareholder, or any other person appearing to be interested in shares held by that Shareholder, fails to comply within the relevant period with any statutory notice in respect of those shares the Company may impose restrictions of those shares including the suspension of the right to attend or vote (whether in person or by representative or proxy) at any general meeting or any separate meeting of the holders of any class or on any poll and, where those shares represent at least 0.25 per cent. of their class (excluding treasury shares), the withholding of any dividend payable in respect of those shares and Board refusal to registrar a transfer of the shares or any of them unless such a transfer is pursuant to an arm's length sale.

#### 4.1.10 Untraced Shareholders

Subject to various notice requirements, the Company may sell any of a Shareholder's shares if, during a period of 12 years from the date of publication of two newspaper advertisements, at least three dividends on such shares have become payable and have not been claimed by the presentation to the paying bank of the relevant cheque or warrant or been satisfied by the transfer of funds to a bank account nominated by such Shareholder or held by the person entitled by transmission to such shares, or by the transfer of funds by means of a relevant system at any time during the relevant period, and no communication has been received by the Company from the Shareholder or person concerned.

#### 4.1.11 General meetings

In the case of an AGM, twenty-one clear days' notice at the least shall be given to all the members and to the auditors. All other General Meetings shall also be convened by not less than fourteen clear days' notice in writing to all the members.

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 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 or by a duly authorised corporate representative and entitled to vote shall be a quorum for all purposes.

A Shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. A Shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. Subject to the provisions of the Companies Act 2006, any corporation (other than the Company itself) which is a Shareholder may, by resolution of its directors or other governing body, authorise such person(s) to act as its representative(s) at any meeting of the Company, or at any separate meeting of the holders of any class of shares.

Delivery of an appointment of proxy shall not prevent a Shareholder from attending and voting at the meeting or at any adjournment of it.

Directors may attend and speak at General Meetings and at any separate meeting of the holders of any class of shares, whether or not they are Shareholders.

A poll on a resolution may be demanded at a General Meeting before or on the declaration of the result of the show of hands by the chairman or those members entitled under the Companies Act 2006 to demand a poll.

#### **4.2 Summary of the Board's proposed amendment to the Articles as contained in the notice of the General Meeting and which, if approved by the shareholders, will apply as of the Effective Date**

Distribution of capital profits by way of dividend

The Company currently has a provision in its Articles which expressly prohibits the distribution of capital profits in line with historic statutory requirements which no longer apply. The Board no longer considers it appropriate to have such a prohibition in the Articles; and in order to provide the Board with increased flexibility in relation to the payment of dividends in the future, it therefore proposes that the prohibition is removed, regardless of whether or not the Scheme is implemented. The proposed new Articles therefore remove all references to the prohibition of the distribution of capital profits. The Board does not presently intend to change its approach to the payment of dividends by utilising this new power to pay dividends out of capital. However, the Board may seek to use this power in the future where it considers it is in the best interests of Shareholders to do so.

### **5. The Takeover Code**

#### **5.1 Mandatory bid**

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

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

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

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel) 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.

#### **5.2 Compulsory acquisition**

Under sections 974 to 991 of the Companies Act 2006, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a

transfer of the outstanding shares in its favour and pay the consideration to the company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

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

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

### 5.3 Frustrating actions

Rule 21.1 of the Takeover Code provides that, during the course of an offer, the Board must not, without the approval of the Shareholders in general meeting, take any action which may result in any offer or *bona fide* possible offer being frustrated or in Shareholders being denied the opportunity to decide on its merits, or:

- 5.3.1 issue any shares or transfer or sell, or agree to transfer or sell, any shares out of treasury or effect any redemption or purchase by the Company of its own shares;
- 5.3.2 issue or grant options in respect of any unissued shares;
- 5.3.3 create or issue, or permit the creation or issue of, any securities carrying rights of conversion into or subscription for shares;
- 5.3.4 sell, dispose of or acquire, or agree to sell, dispose of or acquire, assets of a material amount; or
- 5.3.5 enter into contracts otherwise than in the ordinary course of business.

## 6. Interests of Directors, major shareholders and related party transactions

### 6.1 Directors' interests

6.1.1 Each of the Proposed Additional Directors who hold PLI Shares has indicated their intention to roll over their investments in full into New Shares pursuant to the Scheme. Georgina Field does not currently hold shares in PLI. Accordingly, following implementation of the Issue, the interests (all of which are or will be beneficial unless otherwise stated) of the Directors (together with their connected persons) in the issued share capital of the Company are expected to be as follows (assuming the maximum amount is elected for the Cash Option, so that 52,003,571 New Shares are issued):

Director	Number of Ordinary Shares as at 8 October 2020	Percentage of issued share capital (%) prior to completion of the Issue	Number of Ordinary Shares following completion of the Issue	Percentage of issued share capital (%) following completion of the Issue
Neil Rogan (Chair)	35,000	0.053	35,000	0.030
Donald Cameron	1,643	0.002	1,643	0.001
Stephanie Eastment	2,800	0.004	2,800	0.002
Stephanie Eastment (non-beneficial)	1,700	0.003	1,700	0.001
Jean Park	5,575	0.008	5,575	0.005
Merryn Somerset Webb	1,249	0.002	1,249	0.001
Peter Tait	5,000	0.008	5,000	0.004
Richard Laing*	—	—	3,039	0.003
Georgina Field*	—	—	—	—
Alan Giles*	—	—	3,039	0.003

\*If the Scheme becomes effective Richard Laing, Georgina Field and Alan Giles will join the Board on the Effective Date.

6.1.2 No Director of the Company has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company which was effected by the Company since its incorporation.

6.1.3 No share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option.

6.1.4 There are no outstanding loans granted by the Company to any of the Directors nor is any guarantee provided by the Company for the benefit of any of the Directors.

### 6.2 Directors' contracts with the Company

All the Directors of the Company are non-executive. Each of the Directors is engaged under a letter of appointment with the Company and does not have a service contract with the Company. Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter. New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment. Their appointments may be terminated on three months' written notice and without compensation.

### 6.3 Directors' and Proposed Additional Directors' other interests

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

	<b>Current directorships/partnerships</b>	<b>Past directorships/ partnerships</b>
Neil Rogan (Chair)	<ul style="list-style-type: none"> <li>• Non-Executive Director and Chairman of Invesco Asia Trust plc.</li> <li>• Non-Executive Director of Scottish Investment Trust PLC.</li> </ul>	None.
Donald Cameron	<ul style="list-style-type: none"> <li>• Non-Executive Director of Edinburgh Worldwide Investment Trust PLC.</li> <li>• Director of Achnacarry Development Limited.</li> </ul>	None.
Stephanie Eastment	<ul style="list-style-type: none"> <li>• Non-Executive Director and Audit Committee Chairman of Herald Investment Trust plc.</li> <li>• Non-Executive Director and Audit Committee Chairman of Impax Environmental Markets plc.</li> <li>• Non-Executive Director and Audit Committee Chairman of Buffettology Smaller Companies Investment Trust plc.</li> <li>• Non-Executive Director of RBS Collective Investment Funds Limited.</li> <li>• Director and Company Secretary of Eastrow Associates Limited.</li> </ul>	None.
Jean Park	<ul style="list-style-type: none"> <li>• Non-Executive of Director of Admiral Group plc.</li> <li>• Non-Executive Director of National House-Building Council.</li> <li>• Director of Corrennie Projects Limited.</li> </ul>	None.
Merryn Somerset Webb	<ul style="list-style-type: none"> <li>• Non-Executive Non-Executive of Director of Baillie Gifford Shin Nippon plc.</li> <li>• Non-Executive Director of Montanaro European Smaller Companies Trust PLC.</li> <li>• Non-Executive Director of Netwealth.</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Moneyweek Limited.</li> <li>• Director of Southbank Holdings Limited.</li> <li>• Director of Southbank Investment Research Limited.</li> </ul>
Peter Tait	None.	None.
Richard Laing	<ul style="list-style-type: none"> <li>• Non-executive Director of Miro Forestry.</li> <li>• Non-executive Director of JP Morgan Emerging Markets Investment Trust plc.</li> <li>• Non-executive Director and Chairman of 3i Infrastructure plc.</li> <li>• Non-executive Director of Tritax Big Box REIT plc.</li> </ul>	None.
Georgina Field	<ul style="list-style-type: none"> <li>• Chief Executive of White Marble Marketing Ltd.</li> </ul>	None.
Alan Giles	<ul style="list-style-type: none"> <li>• Chairman of The Remuneration Consultants Group.</li> <li>• Senior Independent Director and Remuneration Committee Chairman of Foxtons Group plc.</li> </ul>	Non-Executive Director of Rentokil Initial plc.

6.3.2 As at the date of this Prospectus, save as set out in the table at paragraph 6.3.1 above, there are no potential conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties.

- 6.3.3 There are no lock-up provisions regarding the disposal by any of the Directors of any Ordinary Shares.
- 6.3.4 The Directors and the Proposed Additional Directors in the five years before the date of this Prospectus:
- 6.3.4.1 do not have any convictions in relation to fraudulent offences;
- 6.3.4.2 have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and
- 6.3.4.3 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 administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.
- 6.3.5 The Company shall maintain directors' and officers' liability insurance on behalf of the Company at the expense of the Company.

#### 6.4 Major Shareholders

- 6.4.1 The Company shall issue a notice requiring disclosure of an interest in shares of 3 per cent. or more of the issued share capital of the Company and the DTR provide that certain persons (including shareholders) must notify the Company if the proportion of the Company's voting rights which they then hold directly or indirectly as a Shareholder or through a direct or indirect holding of certain financial instruments reaches, exceeds or falls below thresholds of 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent. and 10 per cent. and each 1 per cent. thereafter up to 100 per cent.
- 6.4.2 As at close of business on 8 October 2020, being the latest practicable date prior to the publication of this Prospectus, other than as set out below, there are no persons known to the Company who, directly or indirectly, will be interested in 3.0 per cent. or more of the Company's issued share capital or voting rights.

<b>Shareholder</b>	<b>Number of voting rights held</b>	<b>Percentage of voting rights held (%)</b>
Aberdeen Asset Managers Limited Retail Plans	12,314,143	18.63
Rathbones	10,579,249	16.0
Hargreaves Lansdown	5,999,906	9.08
Interactive Investor	4,513,447	6.83

- 6.4.3 As at the date of this Prospectus, the Company is not aware of any person who will directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company is not aware of any arrangement, the operation of which may at a subsequent date result in a change of control of the Company.
- 6.4.4 Major Shareholders do not have any different voting rights from other Shareholders.

#### 6.5 Related party transactions

As at the date of this Prospectus, except in relation to the appointment letters entered into between the Company and each Director and each Proposed Additional Director; the fees payable during the year to the Directors and each Proposed Additional Director (which as the date of this Prospectus are £37,500 per annum for the Chairman, £30,000 per annum for the Chairman of the Audit Committee and £25,500 for each Director) and their interests in Ordinary Shares (if any), the Company is not a party to, nor has any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No. 1606/2002).

## 7. Material contracts

The following is a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the Company is a party or which contains any provision under which the Company has any obligation or entitlement which is material to it at the date of this Prospectus.

### 7.1 Management Agreement

The Company entered into the Management Agreement with the AIFM on 14 July 2014, under which the AIFM has been appointed to provide to the Company investment management, risk management, administration and company secretarial services as well as promotional activities, subject to the overall supervision of the Directors in accordance with the policies laid down by the Directors from time to time and the investment restrictions referred to in the Management Agreement.

The Management Agreement, as amended by a letter of amendment dated 12 September 2017, provides that the Company will pay to the AIFM 0.55 per cent. on the first £350 million of Net Assets; 0.45 per cent. on the next £100 million of Net Assets; and 0.25 per cent. on the excess over £450 million of Net Assets. The AIFM has agreed to waive the management fee payable by the Company in respect of the net assets transferred to the Company under the Scheme for the first 182 days following the completion of the Scheme. The financial value of this amount (which is estimated at £792,000 based on PLI's portfolio as at 8 October 2020 (being the latest practicable date prior to the publication of this Prospectus) and assuming that no PLI Shareholders exercise their right to dissent from participation in the Scheme and the maximum amount is elected for the Cash Option) will be for the benefit of the Shareholders of the Enlarged Company.

The Management Agreement is terminable by:

- (a) any of the parties to it on three months' prior written notice;
- (b) the Company immediately if: (i) the AIFM ceases to maintain its permission from the FCA to act as AIFM of the Company, or such permission is suspended, (ii) the AIFM fails to notify the Company of a regulatory investigation which is relevant to the AIFM's ongoing appointment as AIFM, (iii) there is a change of control (as control is defined for the purposes of section 1124 of the CTA 2010) of the AIFM or any holding company of the AIFM which does not involve a change of control of the ultimate holding company or entity of the AIFM and after which the AIFM is still controlled by the same ultimate holding company provided that notice under the Management Agreement shall require to be given within 60 days of such change of control occurring; or (iv) the Company ceases to satisfy, or is incapable of satisfying, the conditions for approval as an investment trust for UK tax purposes by reason of the negligence or wilful default of the AIFM; and
- (c) the AIFM on the earlier of: (i) the date on which the appointment of a replacement AIFM in respect of the Company becomes effective, or (ii) the date upon which the FCA or any rules or regulations require the AIFM to cease acting as AIFM of the Company.

The AIFM has, and shall maintain, the necessary expertise and resources to act as AIFM to the Company and shall ensure compliance with the AIFMD and other applicable law.

The AIFM entered into a group delegation agreement with the Investment Manager pursuant to which the Investment Manager manages the Portfolio and promotional activities. An annual fee equivalent to up to 0.05 per cent. of Gross Assets (calculated at 30 September each year) is paid to the Investment Manager to cover promotional activities undertaken on behalf of the Company.

The AIFM sub-delegated administrative and secretarial services for the Company to the Company Secretary. A secretarial fee of £75,000 per annum (plus applicable VAT) is payable to the Company Secretary, which is chargeable 100 per cent. to revenue.

### 7.2 Registrar's Agreement

The Registrar's has been appointed by the Company pursuant to the Registrar's Agreement entered into between the Company and the Registrar dated 19 April 1999, and amended by way of addendum on 1 July 2020, to provide registrar services to the Company. The Company shall pay to the Registrar as annual remuneration for the services to be rendered by the Registrar under the

Registrar's Agreement such fee as is mutually agreed between the parties on or before the Commencement Date (16 April 1999), such fee to be reviewed annually. The fees paid to the Registrar by the Company for services provided under the Registrar's Agreement are listed at paragraph 2.4 of Part 7 (*Directors, Management and Administration*). The Registrar's Agreement contains certain standard indemnities from the Company in favour of the Registrar and from the Registrar in favour of the Company

### 7.3 Receiving Agent's Agreement

Prior to Admission, the Company intends to enter into a receiving agent agreement with Link Group pursuant to which the Receiving Agent has agreed to provide receiving agent duties and services to the Company in respect of the Issue. The terms of the Receiving Agent Agreement have been agreed. Under the terms of the Receiving Agent Agreement the Receiving Agent is entitled to a fee of £18,000 including disbursements but excluding VAT and reimbursement of all out-of-pocket expenses properly incurred by it in connection with its duties. The Receiving Agent Agreement contains certain standard indemnities from the Company in favour of the Receiving Agent. The Receiving Agent's liability under the Receiving Agent Agreement is subject to a cap. The agreement is governed in accordance with English law.

### 7.4 Depositary Agreement

The Depositary Agreement is dated 14 July 2014 and entered into between the Company, the AIFM and the Depositary whereby the Depositary is appointed to act as custodian and depositary of the Company. The Depositary performs the customary services of a depositary in accordance with the AIFMD. The Depositary may delegate its obligations in respect of the safe keeping of the Company's investments to third parties, subject to AIFM law and the certain conditions within the Depositary Agreement. The Depositary has not contractually discharged any of its liabilities under the Depositary Agreement in respect of any delegated services.

The fees paid to the Depositary by the Company for services provided under the Depositary Agreement are listed at paragraph 2.3 of Part 7 (*Directors, Management and Administration*).

The Depositary Agreement may be terminated by either party on 90 days' prior written notice. The Depositary Agreement may be immediately terminated by either party in certain circumstances such as where either party ceases to be authorised to carry on its relevant regulated activity by the relevant regulatory authority. The Depositary Agreement contains customary indemnities given by the Company in favour of the Depositary.

### 7.5 Facility Agreement

The Company entered into a multicurrency revolving facility agreement with Scotiabank (Ireland) Designated Activity Company ("**Scotiabank**") on 8 November 2017, pursuant to which Scotiabank provided the Company with a loan of £20,000,000 (with a £20,000,000 accordion option) to finance investments in the ordinary course of its business and satisfy the Company's general corporate purposes, ("**Facility Agreement**"). Under the Facility Agreement Scotiabank is not bound to monitor or verify the application of any amount borrowed pursuant to the Facility Agreement. The termination date pursuant to the Facility Agreement is the earlier of 6 November 2020 and the date on which the facility is cancelled or terminated in accordance with the Facility Agreement. On 8 September 2020 the Board approved the renewal of the facility which shall occur prior to the 6 November 2020 termination date.

### 7.6 MUT Note Purchase Agreement and Novation of PLI Notes

The Company entered into the MUT Note Purchase Agreement with (1) The Law Debenture Trust Corporation plc (as security trustee) and (2) the MUT Noteholders on 8 November 2017, pursuant to which the Company authorised the issue and sale of the MUT Notes and agreed to issue the MUT Notes to each MUT Noteholder in the principal amount specified opposite such MUT Noteholder's name (listed in the MUT Note Purchase Agreement) at the purchase price of 100 per cent. of the principal amount thereof.

PLI issued the PLI Notes to the PLI Noteholders pursuant to the PLI Note Purchase Agreement.

Subject to the agreement of each of the MUT Noteholders and the PLI Noteholders, the PLI Notes will be novated to the Company and the Company will accept the obligations of PLI in respect of the PLI Notes and issue replacement notes to the PLI Noteholders.

In connection with the Proposals, and subject to the agreement of the MUT Noteholders, the MUT Note Purchase Agreement will be amended and restated to provide for the relevant consents required from the MUT Noteholders in respect of the Scheme, including the transfer of the Rollover Pool to the Company, the novation of the PLI Notes and the grant of security by the Company in connection with the New PLI Loan Notes as described below. Other consequential amendments will also be made to the MUT Note Purchase Agreement including updating the financial covenants and amendments to deal with some alignment of terms as against the PLI Note Purchase Agreement.

In connection with the novation of the PLI Notes, the Company has entered into the PLI Note Novation Agreement to (i) novate the rights and obligations of PLI under the PLI Note Purchase Agreement and the PLI Notes to the Company; and (ii) make other amendments to the PLI Note Purchase Agreement to:

- (a) provide for the Company to be named as the issuer of the PLI Notes with new loan notes being issued by the Company in substitution for the PLI Notes;
- (b) provide for additional monthly gearing confirmation certificates to be provided to the PLI Noteholders;
- (c) align the financial covenants with those to be updated under the MUT Note Purchase Agreement. and
- (d) achieve some alignment of terms with the MUT Note Purchase Agreement.

The Company will grant two floating charges as security for the New PLI Loan Notes. As the floating charges must be governed by the jurisdiction in which the assets subject to the security are located, the Company will grant a Scots law governed floating charge and an English law governed floating charge. The terms of these floating charges will be based on the existing floating charges granted by the Company in respect of the existing MUT Note Purchase Agreement.

The existing floating charges granted by the Company in respect of the MUT Note Purchase Agreement and the new floating charges to be granted by the Company in respect of the amended and restated PLI Note Purchase Agreement will rank equally in all respects.

PLI will bear all interest under the PLI Notes to the Calculation Date.

## 7.7 Transfer Agreement

If the Proposals become effective, the Company will enter into the Transfer Agreement with the Liquidators (in their personal capacity and on behalf of PLI), pursuant to which the Rollover Pool will be transferred to the Company in consideration for the allotment and issue by the Company of the New Shares to the Liquidators (as nominees for PLI Shareholders entitled to them in accordance with the Scheme). Thereafter, the Liquidators will renounce the allotments of the New Shares in favour of PLI Shareholders who have elected (or are deemed to have elected) to receive New Shares, and such New Shares will be issued by the Company to those PLI Shareholders pursuant to the Scheme.

The Transfer Agreement provides that the assets to be transferred to the Company will be transferred with such rights and title as PLI may have in respect of the same or any part thereof subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom. The Transfer Agreement further provides that the Company, acting by the Liquidators, shall (insofar as they are reasonably able to do so by law or otherwise) comply with all reasonable requests made by the Company (or its nominee) in respect of the cash, undertaking and other assets of PLI to be acquired and shall, in particular, account to the Company for all income, dividends, distributions, interest and other rights and benefits in respect of such cash, undertaking and other assets, received after the Effective Date.

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

The Enlarged Company will pay SDRT to the extent applicable on the acquisition of the Rollover Pool and listing fees in relation to the listing of the New Shares.

The parties to the Transfer Agreement have entered into irrevocable undertakings, to enter into the Transfer Agreement on the Effective Date.

## **8. Litigation**

During the 12 month period prior to the date of this Prospectus 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, which may have, or have had, in the recent past, a significant effect on the Company and / or the financial position or profitability of the Company.

## **9. Third party information and consents**

The AIFM, the Investment Manager and the Sponsor have each given and not withdrawn their written consent to the inclusion in this Prospectus of references to their name.

Certain information contained in this Prospectus has been sourced from third parties and where such third party information has been referenced in the Prospectus, the source of that information has been disclosed. Such information has been accurately reproduced and, as far as the Company is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **10. AIFMD disclosures**

- 10.1 The Company is categorised as an EEA AIF for the purposes of the AIFMD and its AIFM, is an EEA AIFM. Accordingly, the AIFM is required to make certain disclosures to prospective investors prior to their investment in the Company, in accordance with article 23 of the AIFMD. An explanation of where each of these disclosures may be found in this Prospectus (or of the non-applicability to the Company of certain of these disclosures) is set out in this paragraph 10.
- 10.2 Part 5 (*The Company and the Investment Manager*) of this Prospectus contains a description of the investment objective and investment policy of the Company, the types of assets in which the Company may invest, the techniques it may employ, any applicable investment restrictions and the procedures by which the Company may change its investment strategy or the Company's investment policy.
- 10.3 Part 5 (*The Company and the Investment Manager*) of this Prospectus also contains a description of the circumstances in which the Company may use leverage, the types and sources of leverage permitted, restrictions on the use of leverage and the maximum level of leverage which the Company is permitted to employ. There are no collateral or reuse arrangements in place in respect of the Portfolio.
- 10.4 Part 6 (*Investment Strategy and Portfolio*) of this Prospectus contains a description of the investment strategy of the Company and its Portfolio.
- 10.5 The key risks associated with the investment policy, strategy, objectives and techniques of the Company are contained in Part 1 (*Risk Factors*) of this Prospectus.
- 10.6 The Company is not a fund of funds and so there is no master AIF for the purposes of the AIFMD, nor will there be any underlying funds.
- 10.7 A description of the terms and conditions and of the Issue and the Scheme are contained in Part 8 (*Details of Issue and Scheme*) of this Prospectus. The Issue is governed by Scottish law and subject to the jurisdiction of Scotland courts, the same law and jurisdiction under which the Company is established. While the UK remains a Member State of the EU, a foreign judgment obtained in an EU member state will be recognised and enforced in Scotland under either:
  - 10.7.1 Regulation (EU) 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters; or

10.7.2 Regulation (EC) 805/2004 on creating a European Enforcement Order for uncontested claims, provided the judgment has been certified as a European Enforcement Order.

Under the UK legislation enacting the “**Withdrawal Agreement**” (meaning the agreement between the United Kingdom and the EU under Article 50(2) of the Treaty on the European Union which sets out the arrangements for the United Kingdom’s withdrawal from the EU (as that agreement is modified from time to time in accordance with any provision of it)), a foreign judgment obtained in an EU Member State will be recognised and enforced in England under the same EU laws as referred to in paragraphs 10.7.1 and 10.7.2 above until 31 December 2020. Following that date the UK will unilaterally accede to the Hague Convention on Choice of Courts Agreements 2005 (the “**Hague Convention**”) which applies between the EU member states, Montenegro, Denmark, Mexico and Singapore and provides for the recognition of foreign judgments in respect of contracts which contain an exclusive jurisdiction clause. The Hague Convention does not, however, extend to contracts containing non-exclusive jurisdiction clauses, which typically permit the more dominant party to the contract to sue in the court of their choice while restricting the right of the less dominant party to the courts of a single country. The UK has also applied to re-join the Lugano Convention 2007 which would permit for the recognition of judgments based on contracts under the laws of member states regardless of whether the contract contains an exclusive or a non-exclusive choice of law clause in the states that are parties to that convention (i.e. EU member states and Iceland, Norway and Switzerland). However, each member of the Lugano Convention (EU, Iceland, Norway and Switzerland) has a veto on the accession of new members and UK accession may not occur on 1 January 2021, for some time thereafter or at all.

## **11. General**

The Company is not dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the Company’s business or profitability.

No application is being made for the New Shares to be dealt with in or on any stock exchange or investment exchange other than the Main Market.

The publication or delivery of this Prospectus shall not under any circumstances imply that the information contained in this Prospectus is correct as at any time subsequent to the date of this Prospectus or that there has not been any change in the affairs of the Company since that date.

As at the date of the Prospectus the Company has no subsidiaries.

## **12. Auditor**

The auditor of the Company is PricewaterhouseCoopers LLP of 1 Embankment Place, London, WC2N 6RH, a member firm of the Institute of Chartered Accountants in England and Wales.

## **13. Availability of Prospectus**

A copy of this Prospectus will be available on the Website. In addition, a copy of this Prospectus is available at the National Storage Mechanism which is located at <http://www.morningstar.co.uk/uk/nsm>. In the event that the current government restrictions are lifted before Admission, a copy of the Prospectus will be available for collection, free of charge from the offices of the Company Secretary.

## **14. Documents on display**

Copies of the following documents will be available on the Website and, in the event that the current Government restrictions implemented in response to Covid-19 are lifted before Admission, for inspection between 9.00 a.m. and 5.00 p.m. on any day (Saturdays, Sundays and public holidays excepted) at the Company’s registered office, 1 George Street, Edinburgh, Scotland, EH2 2LL, from the date of this Prospectus until the Admission:

14.1 this Prospectus dated 12 October 2020;

- 14.2 the statutory accounts of the Company for the financial year ended 30 June 2020;
- 14.3 the Articles; and
- 14.4 the notice of the General Meeting.

## PART 12: DEFINITIONS

In this Prospectus, unless the context otherwise requires, the expressions as set out below shall bear the following meanings:

<b>Admission</b>	the date on which admission of the New Shares to the premium segment of the Official List and to trading on the Main Market becomes effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange;
<b>AGM</b>	annual general meeting of the Company;
<b>AIC</b>	the Association of Investment Companies;
<b>AIC Code</b>	the AIC Code of Corporate Governance, as amended from time to time;
<b>AIF</b>	alternative investment fund;
<b>AIFM</b>	Aberdeen Standard Fund Managers Limited, the Company's alternative investment fund manager;
<b>AIFMD</b>	The Alternative Investment Fund Managers Directive (2011/61/EU);
<b>Annual General Meeting</b>	the AGM convened for 12.30 p.m. on 27 November 2020;
<b>Articles</b>	the articles of association of the Company;
<b>ASI</b>	Aberdeen Standard Investments;
<b>Audit Committee</b>	the audit committee of the Company as described in paragraph 5.3 of Part 5 (The Company and the Investment Manager) of this Prospectus;
<b>Auditor</b>	the auditors of the Company from time to time, being PricewaterhouseCoopers LLP as at the date of this Prospectus;
<b>Board or Directors</b>	the directors of the Company whose names are set out at Part 4 (Directors, Management, Custodian And Advisers) of this Prospectus;
<b>Board of PLI</b>	the board of directors of PLI;
<b>Business Days</b>	any day on which the London Stock Exchange is open for business and banks are open for business in London;
<b>Calculation Date</b>	the time and date to be determined by the Directors (but expected to be 5.00 p.m. on 12 November 2020), at which the value of PLI's assets and liabilities will be determined for the creation of the Liquidation Pool, the Cash Pool and the Rollover Pool, and at which the PLI FAV per Share, the MUT FAV per Share and the Cash NAV per Share will be calculated for the purposes of the Scheme;
<b>Cash NAV per Share</b>	the Residual NAV per Share less the Cash Option Discount (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down);
<b>Cash Option</b>	the option for PLI Shareholders to receive cash under the terms of the Scheme;
<b>Cash Option Discount</b>	a discount of two per cent.;
<b>Cash Pool</b>	the fund comprising the pool of assets attributable to the PLI Cash Shares;

<b>Cash Pool NAV</b>	the Cash NAV per Share multiplied by the total number of PLI Cash Shares;
<b>Combination</b>	the combination of the assets of the Company and the assets of PLI to create the Enlarged Company;
<b>Companies Act 2006</b>	Companies Act 2006, as amended from time to time;
<b>Company Secretary</b>	Aberdeen Asset Management PLC;
<b>Conditions</b>	the conditions to the Proposals including those set out in paragraph 4 of Part 8 (Details of Issue and Scheme) of this Prospectus;
<b>Corporate Governance Code</b>	the CRS Corporate Governance Code as published by the Financial Reporting Council from time to time;
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations;
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755);
<b>CRS</b>	the OECD common reporting standard;
<b>CTA 2009</b>	Corporation Tax Act 2009;
<b>CTA 2010</b>	Corporation Tax Act 2010, as amended;
<b>Dealing Day</b>	a day on which the London Stock Exchange is open for business;
<b>Depository</b>	BNP Paribas Securities Services, London Branch, a foreign company incorporated in France and acting through its London branch which is registered in England and Wales with registered number FC023666;
<b>Depository Agreement</b>	the depository agreement dated 14 July 2014 between the Company, the AIFM and the Depository, further details of which are set out in paragraph 7.4 of Part 11 (General Information);
<b>DTR</b>	the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of FSMA;
<b>Effective Date</b>	the date on which the Scheme becomes effective as determined by the terms of the Scheme, which is expected to be 17 November 2020;
<b>Election</b>	the choice made by a PLI Shareholder for the Rollover Option and/or the Cash Option pursuant to the Scheme (including, where the context so permits, a deemed choice for the Rollover Option or the Cash Option) and any reference to “elect” shall, except where the context requires otherwise, mean “elect or is deemed to elect”;
<b>Enlarged Company</b>	the Company following completion of the Combination;
<b>EU or European Union</b>	the European Union first established by the treaty made at Maastricht on 7 February 1992;
<b>Euroclear</b>	Euroclear UK & Ireland Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST);
<b>European Economic Area or EEA</b>	the countries of the European Union, plus Iceland, Norway and Liechtenstein;
<b>Excess Application</b>	that portion of an election by a PLI Shareholder for the Cash Option that exceeds the entitlement of each PLI Shareholder to elect for, and have accepted in full an election for, the Cash Option

	in respect of up to 20 per cent. by number of their holding as at the Calculation Date;
<b>Existing Shareholders</b>	the holders of Ordinary Shares prior to completion of the Combination;
<b>FATCA</b>	the US Foreign Account Tax Compliance Act;
<b>FAV</b>	formula asset value;
<b>FCA</b>	the Financial Conduct Authority;
<b>FCA Rules</b>	the handbook of rules and guidance of the FCA, as amended;
<b>First General Meeting of PLI</b>	the general meeting of PLI convened for 11.00 a.m. on 9 November 2020 (or any adjournment thereof);
<b>First Interim Dividend</b>	the intended first interim dividend of the Company for the year ending 30 June 2021 of 12.55 pence per Ordinary Share;
<b>FSMA</b>	the Financial Services and Markets Act 2000 (as amended);
<b>General Meeting</b>	the general meeting of the Company convened for 10.30 a.m. on 9 November 2020 (or any adjournment thereof);
<b>Gross Assets</b>	the aggregate value of the assets of the Company, PLI or the Enlarged Company, as appropriate;
<b>HMRC</b>	Her Majesty's Revenue and Customs;
<b>Investec</b>	Investec Bank Plc, the Company's sponsor and financial adviser;
<b>Investment Manager</b>	Aberdeen Asset Managers Limited;
<b>Investment Trust Regulations</b>	the Investment Trust (Approved Company) (Tax) Regulations 2011;
<b>ISA</b>	individual savings account;
<b>ISIN</b>	International Security Identification Number;
<b>Issue</b>	the issue of New Shares under the Scheme;
<b>KID</b>	the key information document relating to the Company produced pursuant to the PRIIPs Regulation, as amended from time to time;
<b>Link Group</b>	the trading name of Link Market Services Limited, a company incorporated in England and Wales with registered number 02605568;
<b>Liquidation Pool</b>	the pool of cash and other assets to be retained by the Liquidators in connection with the Scheme to meet all known and unknown liabilities of PLI and other contingencies;
<b>Liquidators</b>	the liquidators of PLI appointed in connection with the implementation of the Scheme;
<b>Listing Rules</b>	the Listing Rules made by the FCA under Part VI of FSMA;
<b>London Stock Exchange</b>	London Stock Exchange plc (a company registered in England and Wales with registered number 2075721);
<b>Main Market</b>	the main market of the London Stock Exchange for listed securities;
<b>Management Agreement</b>	the Management Agreement between the Company and the AIFM, a summary of which is set out in paragraph 7.1 of Part 11 (General Information) of this Prospectus;
<b>Market Abuse Regulation or MAR</b>	the Market Abuse Regulation (EU) No. 596/2014;

<b>MiFID II</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“ <b>MiFID</b> ”) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (“ <b>MiFIR</b> ”, and together with MiFID, “ <b>MiFID II</b> ”);
<b>MUT or Company</b>	Murray Income Trust PLC, a company incorporated in Scotland with registered number SC012725;
<b>MUT FAV</b>	the NAV of the Company calculated as at the Calculation Date in accordance with its normal accounting policies, on a cum income basis adjusted for debt calculated at fair value basis post the costs relating to the Proposals (other than listing fees and SDRT) and adjusted to exclude any dividends declared but not paid prior to the Effective Date by the Company to Shareholders;
<b>MUT FAV per Share</b>	the MUT FAV divided by the number of Shares in issue (excluding treasury shares) as at the Calculation Date (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down);
<b>MUT Note Purchase Agreement</b>	the note purchase agreement entered into by the Company dated 8 November 2017, a summary of which is set out in paragraph 7.6 of Part 11 (General Information) of this Prospectus;
<b>MUT Noteholders</b>	the holders of the MUT Notes issued under the MUT Note Purchase Agreement;
<b>MUT Notes</b>	£40,000,000 2.51 per cent. senior secured notes due 8 November 2027;
<b>NAV per Share</b>	the Net Asset Value per Ordinary Share from time to time;
<b>Net Assets</b>	Total Assets less long-term liabilities;
<b>Net Asset Value or NAV</b>	the Gross Assets of the Company or PLI, as appropriate, less its liabilities (including provisions for such liabilities) determined by the relevant board of directors in their absolute discretion in accordance with the accounting principles adopted by that company;
<b>New PLI Loan Notes</b>	the new loan notes being issued by the Company in substitution for the PLI Notes;
<b>New Shares</b>	the new Ordinary Shares to be issued pursuant to the Scheme;
<b>OECD</b>	the Organisation for Economic Co-operation and Development;
<b>Official List</b>	the Official List maintained by the FCA pursuant to Part VI of FSMA;
<b>Ordinary Share</b>	an ordinary share of nominal value twenty five pence each in the capital of the Company;
<b>Overseas Shareholder</b>	save as otherwise determined by the PLI Directors pursuant to paragraph 15 of Part 4 of circular to the PLI Shareholders dated 12 October 2020, PLI Shareholders who have a registered address outside or who are resident in, or citizens, residents or nationals of, jurisdictions outside the United Kingdom, the Channel Islands and the Isle of Man;
<b>PLI</b>	Perpetual Income and Growth Investment Trust PLC;
<b>PLI Cash Shares</b>	the number of PLI Shares elected for the Cash Option;
<b>PLI Directors</b>	the directors of PLI from time to time;

<b>PLI FAV per Share</b>	the difference between the Residual NAV and the Cash Pool NAV divided by the total number of PLI Rollover Shares (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down);
<b>PLI General Meetings</b>	the First General Meeting of PLI and the Second General Meeting of PLI (or any adjournment thereof);
<b>PLI Note Novation Agreement</b>	the deed of novation, amendment and restatement to be entered into amongst the Company, PLI, the PLI Noteholders and Law Debenture Trust Corporation plc as security trustee in order to effect the novation of the PLI Notes to the Company;
<b>PLI Note Purchase Agreement</b>	the note purchase agreement entered into by PLI dated 8 May 2014;
<b>PLI Noteholders</b>	the holders of the PLI Notes issued under the PLI Note Purchase Agreement;
<b>PLI Notes</b>	£60,000,000 4.37 per cent. senior secured notes due on 8 May 2029;
<b>PLI Rollover Shares</b>	the number of PLI Shares elected for the Rollover Option;
<b>PLI Shareholder</b>	a holder of PLI Shares;
<b>PLI Shares</b>	ordinary shares of nominal value ten pence each in the capital of PLI;
<b>Portfolio</b>	the Company's portfolio of investments from time to time;
<b>PRA</b>	the Prudential Regulation Authority of the Bank of England;
<b>PRIPs Regulation</b>	Regulation EU No. 1286/2014 on KIDs for packaged retail and insurance-based products;
<b>Proposals</b>	the proposals for the members' voluntary liquidation and scheme of reconstruction of PLI and the Issue;
<b>Proposed Additional Directors</b>	Richard Laing, Georgina Field and Alan Giles;
<b>Prospectus</b>	this prospectus;
<b>Prospectus Regulation</b>	EU Regulation 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
<b>Prospectus Regulation Rules</b>	the Prospectus Regulation Rules made by FCA under Part VI of FSMA;
<b>Receiving Agent</b>	Link Group;
<b>Receiving Agent Agreement</b>	the agreement in agreed form to be entered into between the Company and the Receiving Agent prior to Admission, a summary of which is set out in paragraph 7.3 of Part 11 (General Information) of this Prospectus;
<b>Registrar</b>	Link Group;
<b>Registrar's Agreement</b>	the registrar's agreement between the Company and the Registrar, a summary of which is set out in paragraph 7.2 of Part 11 (General Information) of this Prospectus;
<b>Regulatory Information Service or RIS</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA;
<b>Reporting Accountant</b>	the reporting accountant of the Company from time to time, being Grant Thornton UK LLP as at the date of this Prospectus;

<b>Residual NAV</b>	the Gross Assets of PLI (excluding the Unquoted Investments) as at the Calculation Date less the fair value of the PLI Notes (including accrued interest on the PLI Notes up to and including the Calculation Date) and less the value of the cash and other assets appropriated to the Liquidation Pool;
<b>Residual NAV per Share</b>	the Residual NAV divided by the number of PLI Shares in issue as at the Calculation Date (excluding any PLI Shares held in treasury) (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down);
<b>Rollover Option</b>	the option for PLI Shareholders under the Scheme to elect to receive New Shares in respect of some or all of their holding of PLI Shares on the winding up of PLI;
<b>Rollover Pool</b>	the pool of cash, undertaking and other assets (including assets with a value equal to the fair value of the PLI Notes (and accrued interest on the PLI Notes up to and including the Calculation Date) to be established under the Scheme to be transferred to the Company pursuant to the Transfer Agreement,
<b>Scheme</b>	the proposed scheme of reconstruction and voluntary winding up of PLI under section 110 of the Insolvency Act 1986;
<b>SDRT</b>	UK stamp duty reserve tax;
<b>Second General Meeting of PLI</b>	the general meeting of PLI convened for 11.00 a.m. on 17 November 2020 (or any adjournment thereof);
<b>Second Interim Dividend</b>	the intended second interim dividend of the Company for the year ending 30 June 2021 of 3.95 pence per Ordinary Share;
<b>Securities Act</b>	the United States Securities Act of 1933, as amended;
<b>Shareholder</b>	a registered holder of one or more Ordinary Shares
<b>SIPP</b>	self-invested personal pension;
<b>SSAS</b>	small self-administered pension scheme;
<b>Statutes</b>	the Companies Act 2006 as amended and every other statute for the time being in force concerning companies and affecting the Company;
<b>Takeover Code</b>	the City Code on Takeovers and Mergers, as amended from time to time;
<b>Third Interim Dividend</b>	the intended third interim dividend of the Company for the year ending 30 June 2021 of 8.25 pence per Ordinary Share;
<b>Total Assets</b>	the aggregate value of the assets of the Company less the current liabilities of the Company as determined in accordance with the accounting policies adopted by the Company from time to time;
<b>Total Return(s)</b>	the theoretical return calculated by reinvesting each dividend in additional shares of the Company or PLI on the day that the shares go ex-dividend. The NAV per Share Total Return involves investing the same net dividend at the cum-income NAV per Share of the Company or PLI on the ex-dividend date. For the Reference Index, the calculation assumes that any income derived from each constituent of the Index is reinvested in the additional shares of the same constituent;
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>United States or U.S.</b>	the United States of America, its possessions or territories, any State of the United States of America and the district of Columbia

or any area subject to its jurisdiction or any political subdivision thereof;

**Unquoted Investments**

the unquoted investments held by PLI; and

**Website**

[www.murray-income.co.uk](http://www.murray-income.co.uk).

In this Prospectus, unless specified, all references to Sterling, pounds or £ are to United Kingdom pounds Sterling and all references to “p” are to United Kingdom pence Sterling.

In this Prospectus any reference to:

- a) any EU directive, EU regulation, EU decision, EU tertiary legislation or provision of the EEA agreement (an “**EU Matter**”) which forms or is to form part of domestic law by application of the European Union (Withdrawal) Act 2018 shall be read on and after the expiry of the transition period as a reference to that EU Matter as it forms (by virtue of the European Union (Withdrawal) Act 2018) part of domestic law and as modified by domestic law from time to time;
- b) any EU Matter which has effect in domestic law by application of the UK legislation enacting the “**Withdrawal Agreement**” (meaning the agreement between the United Kingdom and the EU under Article 50(2) of the Treaty on the European Union which sets out the arrangements for the United Kingdom’s withdrawal from the EU (as that agreement is modified from time to time in accordance with any provision of it)) shall be read during the transition period as a reference to an EU Matter as it has effect in domestic law with any relevant modifications as set out in such legislation; and
- c) any EU entity shall be read on and after the expiry of the transition period as a reference to the UK institution, authority or body to which its functions were transferred,

and for the purposes of this paragraph, (i) “**domestic law**” shall have the meaning given in the European Union (Withdrawal) Act 2018; (ii) “**transition period**” means the transition or implementation period provided for by Part 4 of the Withdrawal Agreement; and (iii) any other words and expressions shall, unless the context otherwise provides, have the meanings given in the European Union (Withdrawal) Act 2018.

