

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

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

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

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

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

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# Henderson International Income Trust plc

*(Incorporated in England and Wales with company no. 7549407 and registered as an investment company under section 833 of the Companies Act 2006)*

## **Issue and Admission of New Ordinary Shares in connection with the recommended proposals for the Reconstruction and Winding-up of Henderson Global Trust Plc**

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

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

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

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

Dated: 23 March 2016

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## SUMMARY

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

<b>Section A – Introduction and warnings</b>																	
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>															
A.1	Warning	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.															
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this document for the subsequent resale or final placement of securities by financial intermediaries.															
<b>Section B – Issuer</b>																	
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>															
B.1	Legal and commercial name	Henderson International Income Trust plc.															
B.2	Domicile and legal form	The Company was incorporated in England and Wales on 2 March 2011 with registered number 7549407 as a public company limited by shares under the Act. The principal legislation under which the Company operates is the Act.															
B.5	Group description	Not applicable. The Company is not part of a group.															
B.6	Major shareholders	<p>So far as is known to the Company, and which is notifiable under the Disclosure and Transparency Rules, as at the Latest Practicable Date, the following persons held directly or indirectly 3 per cent. or more of the Company’s voting rights:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Name</th> <th style="text-align: right; border-bottom: 1px solid black;">Number of voting rights held</th> <th style="text-align: right; border-bottom: 1px solid black;">Percentage of voting rights</th> </tr> </thead> <tbody> <tr> <td>Speirs &amp; Jeffrey Client Nominees Ltd</td> <td style="text-align: right;">7,948,364</td> <td style="text-align: right;">9.90</td> </tr> <tr> <td>Cheviot Capital (Nominees) Ltd</td> <td style="text-align: right;">6,937,711</td> <td style="text-align: right;">8.64</td> </tr> <tr> <td>Smith &amp; Williamson Nominees Limited</td> <td style="text-align: right;">4,096,058</td> <td style="text-align: right;">5.10</td> </tr> <tr> <td>Smith &amp; Williamson Nominees Limited &lt;ISA&gt;</td> <td style="text-align: right;">3,130,901</td> <td style="text-align: right;">3.90</td> </tr> </tbody> </table>	Name	Number of voting rights held	Percentage of voting rights	Speirs & Jeffrey Client Nominees Ltd	7,948,364	9.90	Cheviot Capital (Nominees) Ltd	6,937,711	8.64	Smith & Williamson Nominees Limited	4,096,058	5.10	Smith & Williamson Nominees Limited <ISA>	3,130,901	3.90
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		<p>All Shareholders have the same voting rights in respect of the share capital of the Company.</p> <p>As at the Latest Practicable Date, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.</p>																																																
B.7	Historical key financial information	<p>The historical financial information set out below, which has been prepared in accordance with UK GAAP, has been extracted without material adjustments from the audited report and accounts of the Company for the periods ended 31 August 2013, 31 August 2014 and 31 August 2015:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 15%;">As at 31 August 2013 £'000</th> <th style="text-align: right; width: 15%;">As at 31 August 2014 £'000</th> <th style="text-align: right; width: 10%;">As at 31 August 2015 £'000</th> </tr> </thead> <tbody> <tr> <td><b>Company</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>Fixed asset investments:</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Investments held at fair value through profit or loss</td> <td style="text-align: right;">61,959</td> <td style="text-align: right;">88,126</td> <td style="text-align: right;">97,328</td> </tr> <tr> <td><b>Current assets:</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Debtors</td> <td style="text-align: right;">2,153</td> <td style="text-align: right;">4,621</td> <td style="text-align: right;">4,153</td> </tr> <tr> <td>Cash at bank</td> <td style="text-align: right;">nil</td> <td style="text-align: right;">nil</td> <td style="text-align: right;">nil</td> </tr> <tr> <td></td> <td style="text-align: right;">2,153</td> <td style="text-align: right;">4,621</td> <td style="text-align: right;">4,153</td> </tr> <tr> <td><b>Current liabilities:</b></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Creditors: amounts falling due within one year</td> <td style="text-align: right;">(8,383)</td> <td style="text-align: right;">(6,960)</td> <td style="text-align: right;">(9,887)</td> </tr> <tr> <td><b>Total net assets</b></td> <td style="text-align: right;"><b>55,729</b></td> <td style="text-align: right;"><b>85,787</b></td> <td style="text-align: right;"><b>91,594</b></td> </tr> <tr> <td><b>Net Asset Value per Ordinary Share (basic)</b></td> <td style="text-align: right;"><b>111.9p</b></td> <td style="text-align: right;"><b>118.4p</b></td> <td style="text-align: right;"><b>115.6p</b></td> </tr> </tbody> </table> <p>During the period from 1 September 2012 to, and since, 31 August 2015, being the end of the last period for which audited financial statements have been published, there has been no significant change in the financial or trading position of the Company.</p>		As at 31 August 2013 £'000	As at 31 August 2014 £'000	As at 31 August 2015 £'000	<b>Company</b>				<b>Fixed asset investments:</b>				Investments held at fair value through profit or loss	61,959	88,126	97,328	<b>Current assets:</b>				Debtors	2,153	4,621	4,153	Cash at bank	nil	nil	nil		2,153	4,621	4,153	<b>Current liabilities:</b>				Creditors: amounts falling due within one year	(8,383)	(6,960)	(9,887)	<b>Total net assets</b>	<b>55,729</b>	<b>85,787</b>	<b>91,594</b>	<b>Net Asset Value per Ordinary Share (basic)</b>	<b>111.9p</b>	<b>118.4p</b>	<b>115.6p</b>
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B.8.	Key pro forma financial information	Not applicable. No pro forma financial information is included in this document.																																																
B.9.	Profit forecast	Not applicable. No profit forecast or estimate is made in this document.																																																
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audited financial statements of the Company do not contain any qualifications.																																																
B.11	Insufficiency of working capital	Not applicable. The Company is of the opinion that the working capital available to it is sufficient for its present requirements, namely for at least the next 12 months from the date of this document.																																																

B.34	Investment objective and policy	<p><b>Objective</b></p> <p>The Company’s investment objective is to provide a high and rising level of dividends as well as capital appreciation over the long-term from a focused and internationally diversified portfolio of securities outside the UK.</p> <p><b>Policy</b></p> <p>The Company invests in a diversified global portfolio consisting of predominantly listed equities and fixed interest asset classes. The portfolio is diversified by factors such as geography, industry sub-sector and investment size. The Company does not invest in issuers whose securities are, at the time of investment, listed only in the United Kingdom.</p> <p>The portfolio is ordinarily made up of interests in 40-60 companies, with no single investment accounting for more than 5 per cent. of net assets at the time of investment.</p> <p>The Company has an options strategy and may invest in derivative instruments; up to 20 per cent. of the Company’s income may be generated by the options strategy. If considered appropriate, the Company may hedge exposure to foreign currencies up to a maximum of 20 per cent. of Gross Assets.</p> <p>As an investment trust, the Company will not invest more than 15 per cent. of Gross Assets in any one company or group of companies and, in accordance with the Listing Rules, the Company will not invest more than 15 per cent. (at the time the investment is made) of its total assets in other UK-listed investment companies.</p>
B.35	Borrowing limits	<p>The Articles permit borrowings of up to 100 per cent. of Net Asset Value. However, it is intended that any borrowing would only be used on occasions when the Manager believes that gearing will enhance returns to Shareholders. It is the Board’s policy to restrict borrowing to up to 25 per cent. of Net Asset Value at the time of drawdown or investment (as appropriate) and for these purposes “borrowing” includes implied gearing through the use of derivatives.</p>
B.36	Regulatory status	<p>As an investment trust, the Company is not regulated as a collective investment scheme by the Financial Conduct Authority. However, it is subject to the Listing Rules, Prospectus Rules and the Disclosure and Transparency Rules and the rules of the London Stock Exchange.</p>
B.37	Typical investor	<p>The Directors believe that the typical investors for whom an investment in the Company is intended are institutional investors and professionally-advised private investors seeking exposure to an internationally diversified portfolio of securities outside the UK. The New Ordinary Shares may also be suitable for investors who are financially sophisticated, non-advised private investors, provided that they are capable of evaluating the risks and merits of such an investment and have sufficient resources to bear any loss which may result from such an investment. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before making an election under the HGT Scheme for New Ordinary Shares.</p>
B.38	Investment of 20 per cent. or more of gross assets in single underlying asset or investment company	<p>Not applicable. Investments in any one company shall not, at the time of acquisition, exceed 15 per cent. of the value of the Company’s investment portfolio.</p>

B.39	Investment of 40 per cent. or more of gross assets in single underlying asset or investment company	Not applicable. Investments in any one company shall not, at the time of acquisition, exceed 15 per cent. of the value of the Company's investment portfolio.
B.40	Applicant's service providers	<p><b><i>AIFM</i></b></p> <p>The Company has appointed Henderson Investment Funds Limited (“HIFL”) to act as its investment manager and as its alternative investment fund manager for the purposes of the AIFM Directive. HIFL has delegated portfolio management to Henderson Global Investors Limited pursuant to the Sub-Investment Management Agreement.</p> <p>Under the terms of the Management Agreement, the AIFM is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable quarterly in arrears and currently is at the rate of 0.75 per cent. of the Company's Net Asset Value per annum. The Company has agreed with the AIFM that, conditional on the Proposals being implemented, the management fee will be reduced to 0.65 per cent. of Net Asset Value per annum from the Effective Date and will be reduced further to a rate of 0.60 per cent. of Net Asset Value per annum in respect of Net Asset Value in excess of £250 million.</p> <p><b><i>Manager</i></b></p> <p>The AIFM has delegated portfolio management to Henderson Global Investors Limited pursuant to the Sub-Investment Management Agreement. Henderson is a leading independent global asset management group with £92.0 billion of assets under management (as at 31 December 2015) and employs over 1,000 people worldwide. Henderson manages 14 investment trusts and investment companies.</p> <p><b><i>Administrator</i></b></p> <p>Pursuant to the Management Agreement, the AIFM has also been appointed to provide the day to day administration of the Company. In its capacity as administrator, it is responsible for the Company's general administrative functions, such as the calculation and publication of the Net Asset Value and maintenance of the Company's accounting records, accounting and administrative services. The AIFM has contracted with BNP Paribas Securities Services to provide accounting and administration services.</p> <p><b><i>Corporate secretary</i></b></p> <p>Henderson Secretarial Services Limited has been appointed to provide the general secretarial functions required by the Act.</p> <p><b><i>Sponsor</i></b></p> <p>Panmure Gordon has agreed to act as sponsor to the Issue.</p> <p><b><i>Registrar</i></b></p> <p>Computershare has been appointed as registrar to the Company. The Registrar is entitled to customary fees for the provision of its services to the Company.</p> <p><b><i>Depositary and custodian</i></b></p> <p>HSBC Bank plc has been appointed as the Company's depositary for the purposes of the AIFM Directive and also provides custody services to the Company. Under the terms of the Depositary</p>

		<p>Agreement, the Depositary is entitled to be paid an annual fee equal to 0.01 per cent. per annum of Net Asset Value, subject to minimum annual fee of £20,000.</p> <p>The Depositary is also entitled to receive custody fees in accordance with a specified schedule of charges.</p> <p><b>Broker</b></p> <p>Panmure Gordon has been appointed as broker to the Company.</p>																																																
B.41	Regulatory status of investment manager and custodian	Each of the AIFM and the Manager is authorised and regulated by the FCA and, as such, is subject to its rules in the conduct of its investment business. The Depositary is authorised and regulated by the FCA and the PRA.																																																
B.42	Calculation and publication of Net Asset Value	The Net Asset Value per Ordinary Share is calculated in Sterling on a daily basis. Such calculations are notified daily through a Regulatory Information Service and are available on the Company's website.																																																
B.43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.																																																
B.44	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included in this document. Please see the historical key financial information at B.7.																																																
B.45	Portfolio	<p>As at the Latest Practicable Date, the Company's portfolio comprised 59 listed equity investments with an aggregate value of £109 million.</p> <p>There has been no material change in the Company's investments since the Latest Practicable Date and the date of this document.</p> <p>As at the Latest Practicable Date, the Company's top 22 investments, representing 50.25 per cent. of the value of the total portfolio were as follows:</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: right;"><b>Total Market Value</b></th> </tr> <tr> <th><b>Company</b></th> <th style="text-align: right;"><b>%</b></th> </tr> </thead> <tbody> <tr><td>Novartis</td><td style="text-align: right;">3.32</td></tr> <tr><td>Microsoft</td><td style="text-align: right;">3.09</td></tr> <tr><td>Roche</td><td style="text-align: right;">2.89</td></tr> <tr><td>Verizon Communications</td><td style="text-align: right;">2.64</td></tr> <tr><td>Six Flags Entertainment</td><td style="text-align: right;">2.42</td></tr> <tr><td>Lockheed Martin</td><td style="text-align: right;">2.38</td></tr> <tr><td>Nielsen</td><td style="text-align: right;">2.36</td></tr> <tr><td>Chevron</td><td style="text-align: right;">2.33</td></tr> <tr><td>Eurocommercial</td><td style="text-align: right;">2.27</td></tr> <tr><td>Axa</td><td style="text-align: right;">2.23</td></tr> <tr><td>Icade</td><td style="text-align: right;">2.20</td></tr> <tr><td>Cisco Systems</td><td style="text-align: right;">2.17</td></tr> <tr><td>Syngenta</td><td style="text-align: right;">2.15</td></tr> <tr><td>Orange</td><td style="text-align: right;">2.15</td></tr> <tr><td>Johnson &amp; Johnson</td><td style="text-align: right;">2.13</td></tr> <tr><td>Bezeq The Israeli Telecom Co</td><td style="text-align: right;">2.02</td></tr> <tr><td>JPMorgan Chase &amp; Co</td><td style="text-align: right;">1.98</td></tr> <tr><td>United Parcel Services</td><td style="text-align: right;">1.94</td></tr> <tr><td>SK Telecom</td><td style="text-align: right;">1.94</td></tr> <tr><td>RTL</td><td style="text-align: right;">1.93</td></tr> <tr><td>Nestle</td><td style="text-align: right;">1.86</td></tr> <tr><td>Ares Capital</td><td style="text-align: right;">1.85</td></tr> </tbody> </table>		<b>Total Market Value</b>	<b>Company</b>	<b>%</b>	Novartis	3.32	Microsoft	3.09	Roche	2.89	Verizon Communications	2.64	Six Flags Entertainment	2.42	Lockheed Martin	2.38	Nielsen	2.36	Chevron	2.33	Eurocommercial	2.27	Axa	2.23	Icade	2.20	Cisco Systems	2.17	Syngenta	2.15	Orange	2.15	Johnson & Johnson	2.13	Bezeq The Israeli Telecom Co	2.02	JPMorgan Chase & Co	1.98	United Parcel Services	1.94	SK Telecom	1.94	RTL	1.93	Nestle	1.86	Ares Capital	1.85
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B.46	Net Asset Value	As at the Latest Practicable Date, the Net Asset Value (cum income) per Ordinary Share (unaudited) was 125.2 pence, calculated in accordance with the AIC formula, before deducting dividends declared but not ex-dividend.						
<b>Section C – Securities</b>								
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>						
C.1	Type and class of securities	Ordinary Shares with a nominal value of 1 pence each. The ISIN of the Ordinary Shares is GB00B3PHCS86. The SEDOL of the Ordinary Shares is B3PHCS86. The ticker for the Ordinary Shares is HINT.						
C.2	Currency denomination of Ordinary Shares	Sterling.						
C.3	Details of share capital	Set out below is the issued share capital of the Company as at the Latest Practicable Date: <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;">Nominal Value (£)</th> <th style="text-align: right;">Number</th> </tr> </thead> <tbody> <tr> <td>Ordinary Shares of 1 pence each</td> <td style="text-align: right;">802,465.50</td> <td style="text-align: right;">80,246,550</td> </tr> </tbody> </table> <p>All of the existing issued Ordinary Shares are fully paid up.</p>		Nominal Value (£)	Number	Ordinary Shares of 1 pence each	802,465.50	80,246,550
	Nominal Value (£)	Number						
Ordinary Shares of 1 pence each	802,465.50	80,246,550						
C.4	Rights attaching to the Ordinary Shares	The holders of the Ordinary Shares are entitled to receive, and to participate in, any dividends declared in relation to the Ordinary Shares.  The holders of Ordinary Shares shall be entitled to all of the Company's remaining net assets after taking into account any net assets attributable to any C Shares in issue.  The Ordinary Shares carry the right to receive notice of, attend and vote at general meetings of the Company.  The consent of the holders of Ordinary Shares will be required for the variation of any rights attached to the Ordinary Shares.						
C.5	Restrictions on the free transferability of the securities	There are no restrictions on the free transferability of the Ordinary Shares.						
C.6	Admission	Applications will be made to the UK Listing Authority and to the London Stock Exchange for all of the New Ordinary Shares to be admitted to the premium segment of the Official List and to trading on the Main Market. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence on 26 April 2016.						
C.7.	Dividend policy	The Company has adopted a progressive dividend policy, with the intention of growing the dividend from the current level. Quarterly dividends are usually paid on or around 28 February, 31 May, 31 August and 30 November in each year.  The Directors have considered the potential impact of the Issue on the payment of dividends to holders of Ordinary Shares and declared the second interim dividend for the period to 31 August 2016 on 8 March 2016, with a record date prior to the Effective Date, so that holders of New Ordinary Shares will not be entitled to such dividend.						

		In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.
<b>Section D – Risks</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
D.1.	Key information on the key risks that are specific to the Company or its industry	<p>The key risk factors relating to the Company and its industry which are known to the Directors are:</p> <ul style="list-style-type: none"> <li>• The Company has no employees and is reliant on the performance of third party service providers. Failure by any service provider to carry out its obligations to the Company could have a materially detrimental effect on the Company.</li> <li>• There can be no guarantee that the investment objective of the Company will be achieved and that any dividends will be paid in respect of any financial year or period.</li> <li>• As a global portfolio, the Company’s portfolio may include a small weighting to emerging markets which tend to be less stable than more established markets and can be affected by local political and economic conditions, reliability of trading systems, buying and selling practices and financial reporting standards.</li> <li>• Investor returns are dependent on the performance of the portfolio which may be affected by general market conditions.</li> <li>• Changes in laws or regulations governing the Company’s operations may adversely affect the Company’s business, including through the increased expense that may be incurred in complying with such laws and regulations.</li> <li>• The departure of some or all of the Manager’s investment professionals, in particular, Ben Lofthouse, could prevent the Company from achieving its investment objective which may affect the returns to Shareholders.</li> <li>• The due diligence process that the Manager undertakes in connection with the Company’s investments may not reveal all facts that may be relevant in connection with an investment. Any failure by the Manager to identify relevant facts through the due diligence process may lead to inappropriate investment decisions, which could have a material adverse effect on the Company’s profitability, Net Asset Value and share price.</li> <li>• As the Company’s portfolio will ordinarily include only 40-60 of stocks, if one of these investments declines in value, this could reduce the portfolio’s value more than if it had a larger number of investments.</li> <li>• The Company may borrow money for investment purposes, which exposes the Company to risks associated with borrowings.</li> <li>• The Company may use derivative instruments which are subject to risks including credit risk and the risk of settlement default.</li> <li>• Most of the Company’s assets are denominated in currencies other than Sterling. As a result, movements in exchange rates may affect the Sterling value of these assets favourably or unfavourably.</li> </ul>

		<ul style="list-style-type: none"> <li>• The Company may invest in fixed interest asset classes which are subject to risks including interest rate and credit risk, which may expose investors to a higher risk of loss.</li> <li>• Any change in the Company's tax status or in taxation legislation or practice generally could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders, or alter the post-tax returns to Shareholders.</li> </ul>
D.3	Key information on the key risks that are specific to the Ordinary Shares	<p>The key risk factors relating to the Ordinary Shares which are known to the Directors are:</p> <ul style="list-style-type: none"> <li>• The value of the Ordinary Shares and the income derived from those shares (if any) can fluctuate and may go down as well as up. Accordingly, investors may not be able to realise the amount originally invested.</li> <li>• It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Ordinary Shares. Shareholders may not be able to realise their investment at a time of their choosing or at all.</li> <li>• On the Proposals becoming effective, each Shareholder's proportion of the total voting rights in the capital of the Company will be diluted.</li> </ul>
<b>Section E – Offer</b>		
<i>Element</i>	<i>Disclosure Requirement</i>	<i>Disclosure</i>
E.1	Proceeds and expenses of the Issue	<p>The New Ordinary Shares are only being issued pursuant to the HGT Scheme.</p> <p>The number of New Ordinary Shares to be issued pursuant to the HGT Scheme will be calculated on the Ratio Date. The Company will announce, through a Regulatory Information Service, the number of New Ordinary Shares to be issued pursuant to the Issue as soon as practicable after the Ratio Date.</p> <p>The costs and expenses of the Proposals will be borne by the Company and are expected to be approximately £430,000, including VAT.</p>
E.2a	Reasons for the Issue, use of proceeds and estimated net amount of proceeds	<p>The New Ordinary Shares are only being issued pursuant to the HGT Scheme.</p> <p>In consideration for the issue of New Ordinary Shares, the Company will acquire cash and other assets of HGT.</p>
E.3	Terms and conditions of the Issue	<p>The Issue is conditional upon: (i) the passing of the resolutions to approve the HGT Scheme at a class meeting of HGT Shareholders and at general meetings of HGT Shareholders and holders of HGT Preference Stock and the HGT Scheme becoming unconditional; (ii) the passing of the Resolution at the General Meeting; (iii) the passing of the BNKR Resolution; (iv) admission of the New Ordinary Shares to the Official List with a premium listing and to the Main Market; and (v) the directors of HGT resolving to proceed with the HGT Scheme.</p>
E.4	Material interests	Not applicable. There are no interests that are material to the Issue and no conflicting interests.

E.5	Name of person selling securities	Not applicable. No person or entity is offering to sell Ordinary Shares as part of the Issue.
E.6	Dilution	On the Proposals becoming effective, each Shareholder's proportion of the total voting rights in the capital of the Company will be diluted. The number of New Ordinary Shares to be issued pursuant to the Issue will not be known until the Ratio Date.
E.7	Estimated expenses charged to the investor by the issuer	The costs and expenses of the Proposals will be borne by the Company and are expected to be approximately £430,000, including VAT.

## RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investors contemplating an investment in the Ordinary Shares should recognise that their market value can fluctuate and may not always reflect their underlying value. Returns achieved are reliant primarily upon the

performance of the portfolio. No assurance is given, express or implied, that Shareholders will receive back the amount of their original investment in the New Ordinary Shares.

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

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

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

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

***Currency risk***

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

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

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

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

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

The Company will pay interest on its borrowings. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates.

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 has entered into an overdraft facility whereby the Company may borrow up to the lesser of £20,000,000 or 25 per cent. of assets held by the custodian. The Company has charged its assets in favour

of the lender. In the event that the lender was entitled to call on the security it would have, amongst its other remedies, the opportunity to sell assets of the Company to pay off amounts owing to it and this may adversely affect the Net Asset Value if such assets were sold at an undervalue.

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

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

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

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

Ordinary Shares can also be marketed by the AIFM to retail clients in the UK pursuant to regulation 54 of the AIFM Regulation. The AIFM has filed with the FCA a notification required under regulation 54 of the AIFM Regulation to market Ordinary Shares to retail clients in the UK.

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

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

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

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

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

Under the terms of the Management Agreement, the AIFM may resign by giving not less than 6 months' written notice. The AIFM is also entitled to terminate the appointment of the Manager at any time, pursuant to the Sub-Investment Management Agreement. The Directors would, in these circumstances, have to find a replacement alternative investment fund manager and manager for the Company and there can be no assurance that such a replacement with the necessary skills and experience could be appointed on terms acceptable to the Company. In this event, the Directors would have to formulate and put forward to Shareholders proposals for the future of the Company, which may include its merger with another investment company, reconstruction or winding-up.

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

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

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

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

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

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

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

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

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

#### ***Concentration risk***

As the Company's portfolio will ordinarily include only 40-60 stocks, if one of these investments declines in value, this could reduce the portfolio's value to a greater extent than if it had a larger number of investments.

#### ***Derivative instruments***

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

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

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

Counterparty risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organisation guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

#### ***Fixed interest (including secured loans)***

The Company may invest up to 25 per cent. of Gross Assets in fixed interest asset classes, including high yield bonds, investment grade bonds and secured loans. A wide range of factors could adversely affect the ability of counterparties to make interest or other payments on those fixed interest securities. These factors include adverse changes in the financial conditions of those borrowers, or the industries or regions in which they operate; systemic risk in the financial system; changes in law and taxation; a downturn in general economic conditions; changes in interest rates, governmental regulations or other policies; and natural disasters, terrorism, social unrest and civil disturbances.

In the event of any default on the Company's investments by a counterparty, the Company will bear a risk of loss of principal and accrued interest of the investment, which could have a material adverse effect on the Company's income and potential to pay dividends to Shareholders. In the case of secured loans, foreclosure can be an expensive and lengthy process which could have a material negative effect on the Company's anticipated return on the foreclosed loan. The level of defaults in the portfolio and the losses suffered on such defaults will vary depending on credit market conditions.

Changes in interest rates may affect the level of the Company's net income as well as its ability to acquire loans and investments, the secondary market value of its investments and its ability to realise gains from settlement of such investments.

In the event of a significant rising interest rate environment and/or economic downturn, loan defaults may increase and result in losses that would adversely affect the Company's operating results. In the event of a general rise in interest rates, the value of certain investments that may be contained in the Company's investment portfolio in the future may fall. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political conditions, and other factors beyond the Company's control.

#### ***Benchmark***

The Company measures its performance against the MSCI World ex UK Index (Sterling adjusted). As the Company's portfolio of assets reflects the Manager's convictions, the Manager does not seek to replicate this index in constructing the portfolio. The portfolio may, therefore, diverge substantially from the constituents of this index.

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

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

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

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

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

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

Investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company. Representations in this document concerning the taxation of investors

or prospective investors in Ordinary Shares are based upon current tax law and practice, each of which is in principle subject to change. The value of particular tax reliefs and allowances, if available, will depend on each individual Shareholder's circumstances. This document is not a substitute for independent tax advice.

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

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

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

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

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

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

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

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

Implementation of the Proposals is subject to a number of conditions, details of which are set out in Part 3 of this document, and there is no certainty that the Proposals will become effective. In the event that the Proposals do not become effective, the Company will not acquire assets of HGT and will be required to meet costs of approximately £138,000, including VAT.

New Ordinary Shares will be issued to HGT Shareholders who elect (or are deemed to elect) to receive such shares on the basis of the respective net asset values of each company, further details of which are set out in the section entitled "New Ordinary Shares to be issued" in Part 3 of this document. The HINT NAV per Share and the Residual Net Asset Value per HGT Share may be lower or higher than the illustrative figures used in this document.

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

## IMPORTANT NOTICES

### General

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 7 of Part 5 of this document.

## EXPECTED TIMETABLE

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

**Notes:**

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

## DEALING CODES

ISIN – Ordinary Shares	GB00B3PHCS86
SEDOL – Ordinary Shares	B3PHCS86
Ticker – Ordinary Shares	HINT

## DIRECTORS, MANAGER AND ADVISERS

<b>Directors</b>	Christopher Jonas ( <i>Non-Executive Chairman</i> ) Peregrine Banbury ( <i>Non-Executive Director</i> ) William Eason ( <i>Non-Executive Director</i> ) Simon Jeffreys ( <i>Non-Executive Director</i> )
<b>Proposed Directors</b>	Richard Hills ( <i>Non-Executive Director</i> ) Aidan Lisser ( <i>Non-Executive Director</i> ) <i>All of the registered office below and all of whom are independent.</i>
<b>Registered Office</b>	201 Bishopsgate London EC2M 3AE Telephone: +44 (0) 20 7818 1818
<b>Corporate secretary</b>	Henderson Secretarial Services Limited 201 Bishopsgate London EC2M 3AE
<b>AIFM</b>	Henderson Investment Funds Limited 201 Bishopsgate London EC2M 3AE
<b>Manager</b>	Henderson Global Investors Limited 201 Bishopsgate London EC2M 3AE
<b>Sponsor</b>	Panmure Gordon (UK) Limited 1 New Change London EC4M 9AF
<b>Legal Adviser to the Company</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
<b>Depository and custodian</b>	HSBC Bank plc 8 Canada Square London E14 5HQ
<b>Auditors</b>	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
<b>Registrar</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ

## PART 1

### INFORMATION ON THE COMPANY

#### 1. The HGT Scheme

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

HGT is a UK domiciled investment trust with a net asset value as at the Latest Practicable Date of approximately £152 million and a market capitalisation as at that date of approximately £139 million.

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

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

#### 2. Investment objective

The Company’s investment objective is to provide a high and rising level of dividends as well as capital appreciation over the long-term from a focused and internationally diversified portfolio of securities outside the UK.

#### 3. Investment policy

The Company invests in a diversified global portfolio consisting of predominantly listed equities and fixed interest asset classes. The portfolio is diversified by factors such as geography, industry sub-sector and investment size. The Company does not invest in issuers whose securities are, at the time of investment, listed only in the United Kingdom.

The portfolio is ordinarily made up of interests in 40-60 companies, with no single investment accounting for more than 5 per cent. of net assets at the time of investment.

The Company has an options strategy and may invest in derivative instruments; up to 20 per cent. of the Company’s income may be generated by the options strategy. If considered appropriate the Company may hedge exposure to foreign currencies up to a maximum of 20 per cent. of Gross Assets.

As an investment trust, the Company will not invest more than 15 per cent. of Gross Assets in any one company or group of companies and, in accordance with the Listing Rules, the Company will not invest more than 15 per cent. (at the time the investment is made) of its total assets in other UK-listed investment companies.

#### *Borrowing and gearing policy*

The Company’s Articles of Association allow borrowings of up to 100 per cent. of Net Asset Value. However, it is intended that any borrowing would only be used on occasions when the Manager believes that gearing will enhance returns to Shareholders. It is the Board’s policy to restrict borrowing to up to 25 per cent. of Net Asset Value at the time of drawdown or investment (as appropriate) and for these purposes “borrowing” includes implied gearing through the use of derivatives.

#### *Benchmark*

The Company measures its performance against the MSCI World ex UK Index (Sterling adjusted). The Manager does not seek to replicate this index in constructing the portfolio.

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

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

#### 4. Market outlook

The economic recovery since the financial crisis several years ago has been slower than expected but unemployment is generally falling in most developed markets, which is an important measure of progress.

Economic policy remains accommodative, with the European Central Bank acting to stimulate credit growth. Commodity weakness, particularly oil price weakness, is likely to help stimulate consumer spending and bolster economic growth. Whilst there are significant risks to economic growth that the Manager remains vigilant about, the Manager is optimistic that the Company's portfolio has the potential to grow dividend income and investors' capital in coming years and will seek to take advantage of volatility in markets to enhance this potential by investing in undervalued companies.

## 5. Investment portfolio and performance

As at the Latest Practicable Date, the Company had unaudited net assets of £100 million, the Net Asset Value (cum income) per Ordinary Share (unaudited) was 125.2 pence (calculated in accordance with the AIC formula, before deducting dividends declared but not ex-dividend) and the Company's market capitalisation was £94 million.

The following table sets out the Ordinary Share price total return and cum fair NAV total return performance against the MSCI World ex UK Index for the periods of 1 and 3 years and since inception to the Latest Practicable Date on an annualised basis:

	1 year (%)	3 years (%)	Since inception <sup>(1)</sup> (%)
Share price total return	-6.51	4.09	7.06
Cum fair NAV total return	1.10	7.44	8.97
MSCI World (ex UK) total return	-0.82	9.23	9.94

(1) 28 April 2011.

Source: Morningstar, Datastream.

As at the Latest Practicable Date, over the last 12 months, the Ordinary Shares have traded at an average discount of -0.22 per cent., as compared to an average discount for the AIC Global Equity Income sector of -3.99 per cent.

As at the Latest Practicable Date, the Company's portfolio comprised 59 listed equity investments with an aggregate value of £109 million.

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

As at the Latest Practicable Date, the Company's top 22 investments, representing 50.25 per cent. of the value of the total portfolio were as follows:

Company	Total Market Value (%)
Novartis	3.32
Microsoft	3.09
Roche	2.89
Verizon Communications	2.64
Six Flags Entertainment	2.42
Lockheed Martin	2.38
Nielsen	2.36
Chevron	2.33
Eurocommercial	2.27
Axa	2.23
Icade	2.20
Cisco Systems	2.17
Syngenta	2.15
Orange	2.15
Johnson & Johnson	2.13
Bezeq The Israeli Telecom Co	2.02
JPMorgan Chase & Co	1.98
United Parcel Services	1.94
SK Telecom	1.94
RTL	1.93
Nestle	1.86
Ares Capital	1.85

Source: Unaudited management accounts.

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

Sector	Percentage of portfolio
Financials	30.3
Telecommunications	16.1
Industrials	14.1
Healthcare	10.1
Technology	9.1
Consumer Services	9.1
Oil & Gas	4.9
Consumer Goods	2.9
Basic Materials	2.2
Utilities	1.2
Total	<u>100.0</u>

Source: Unaudited management accounts.

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

Country	Percentage of portfolio
USA	38.8
Switzerland	13.1
France	12.8
Germany	5.4
Australia	4.9
Korea	4.2
China	4.1
Other	3.3
Hong Kong	2.5
Netherlands	2.3
Israel	2.0
Luxembourg	1.9
Taiwan	1.7
Norway	1.6
Japan	1.4
Total	<u>100.0</u>

Source: Unaudited management accounts.

## 6. Dividend policy

The Company has adopted a progressive dividend policy, with the intention of growing the dividend from the current level. Quarterly dividends are usually paid on or around 28 February, 31 May, 31 August and 30 November in each year. The Company paid a dividend of: (i) 4.05 pence per Ordinary Share for the year ended 31 August 2013 (amounting to £2.0 million); (ii) 4.25 pence per Ordinary Share for the year ended 31 August 2014 (amounting to £2.8 million); and (iii) 4.50 pence per Ordinary Share for the year ended 31 August 2015 (amounting to £3.5 million).

The Directors have considered the potential impact of the Issue on the payment of dividends to holders of Ordinary Shares and declared the second interim dividend for the period to 31 August 2016 on 8 March 2016, with a record date prior to the Effective Date, so that holders of New Ordinary Shares will not be entitled to such dividend.

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

## 7. Discount management

The shares of investment trusts can trade at a discount to the underlying net asset value per share. The Board's aims are to minimise the discount at which the Ordinary Shares trade relative to the Net Asset

Value per Ordinary Share as well as to reduce volatility and increase liquidity in the Ordinary Shares. In seeking to achieve these aims, the Board is of the view that it is appropriate to maintain flexibility. At present, the Board does not operate a fixed discount management policy but will consider further issuances and buybacks of Ordinary Shares in certain circumstances. In exercising its powers to repurchase Ordinary Shares, the Board will take into account the overall impact on the Company's portfolio, the pricing of other trusts and overall market conditions.

At the 2015 AGM, Shareholders gave the Board authority to buy back up to 12,028,957 Ordinary Shares. Ordinary Shares will only be repurchased at a discount to the Net Asset Value per Ordinary Share. Repurchased shares will be cancelled or may alternatively be held in treasury. Ordinary Shares may only be re-issued from treasury at a price which represents not less than the Net Asset Value per Ordinary Share at the relevant time.

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

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

Conditional upon implementation of the HGT Scheme, in the event that the Ordinary Shares trade in excess of a 5 per cent. discount, on average, to the cum-income Net Asset Value per Ordinary Share over the 90 days from the Effective Date, the Company will, subject to obtaining any necessary Shareholder approvals, seek to implement a limited buy back tender offer to all Shareholders for up to 20 per cent. of the number of New Ordinary Shares. Any such tender offer will be at the Net Asset Value per Ordinary Share, adjusted to take into account the costs associated with implementing the tender offer, at the relevant time.

## **8. Life of the Company**

The Articles require that at every third annual general meeting of the Company, an ordinary resolution be put to Shareholders asking them to approve the continuation of the Company. The next such resolution will be proposed at the AGM to be held in 2017.

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

Shareholder resolutions were passed at the 2015 AGM of the Company granting the Directors authority to allot equity securities in the Company up to an aggregate nominal amount of £80,246 on a non-pre-emptive basis, such authority to lapse at the AGM to be held in 2016.

While the Directors intend to allot New Ordinary Shares under the Proposals, the existing authority to allot Ordinary Shares referred to above does not take into account the allotment of the New Ordinary Shares pursuant to the HGT Scheme. Shareholders are therefore being asked to authorise the Directors to allot up to 150 million New Ordinary Shares, having an aggregate nominal value of £1,500,000, which represents 187 per cent. of the Company's issued ordinary share capital (excluding treasury shares) as at the date of this document, in connection with the HGT Scheme (the "**Resolution**").

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

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

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

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

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

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

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

## **12. Reports to Shareholders**

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

## **13. Electronic communications**

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

## **14. Taxation**

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

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

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

## **16. Risk factors**

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

## PART 2

### INVESTMENT STRATEGY AND PROCESS

#### 1. Fund manager

Ben Lofthouse is the fund manager responsible for the management of the Company's portfolio. He is supported by Henderson's ten strong Global Equity Income team who will contribute stock ideas for each region of the globe. Ben's biography is in Part 4 of this document.

#### 2. Investment philosophy

The Manager believes that, over the long run, a portfolio of above-average yielding companies with the ability to grow their dividends will outperform the wider market.

The Manager seeks to achieve the Company's investment objective by investing in a diversified global portfolio consisting of predominantly listed equities, whilst also having the flexibility to invest in fixed interest asset classes (including investment grade bonds, high yield corporate bonds and secured loans). The Company's portfolio is diversified by factors such as geography, industry sub-sector and investment size. The Company does not invest in issuers whose securities are, at the time of investment, listed only in the UK.

Over time a significant proportion of equity returns are derived from dividend yield and dividend growth, with total returns being enhanced by the compounding effect of reinvesting income. Dividend yield in isolation can be a misleading signal of value and it is the ability to at least maintain or grow the dividend that is important. Over shorter term horizons, markets may be driven by other factors, such as momentum, but in the long run the Manager expects that an income style will perform better than the market overall.

#### 3. Portfolio construction

The fund manager oversees the overall portfolio composition. In determining portfolio composition, a number of factors are considered including:

- Sector diversification to avoid unintended portfolio bias.
- Managing and monitoring income generation and dividend levels to seek to ensure that the portfolio target yield is achieved and whether income enhancement actions are required, such as option writing and the adoption of gearing.
- The limits set out in the investment policy in respect of asset allocation and risk diversification are adhered to.

The focus is on well managed companies paying dividends with the emphasis on potential for both dividend and capital growth. The Company's portfolio is invested in companies that represent a wide range of market capitalisations, but does not have any exposure to unlisted companies unless it is through subsequent delisting of a listed security.

All stocks are held as active positions and are selected on their own merits rather than as a result of their presence in the Company's benchmark index. Stock weights are typically 1-5 per cent., while sector weights are generally less than 20 per cent.

The weighting given to each stock and sector position reflects:

- the relative attraction of each stock;
- the fund manager's level of conviction; and
- any liquidity considerations relating to specific stocks.

#### 4. Asset allocation

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

#### 5. Idea generation

Ideas can come from many sources but the most important is the accumulated knowledge of Ben Lofthouse and the wider Global Equity Income team at Henderson. Ben Lofthouse and the wider Global

Equity Income team use various screens to generate ideas. As well as screening for dividend yield, other factors such as dividend growth, cash flow yield, cash flow growth, balance sheet strength and profitability-based metrics, such as return on equity, are also considered. This places a strong emphasis on identifying companies that have good and growing levels of free cash-flow, with the aim of identifying stocks with the potential for income growth in addition to capital returns.

Ben Lofthouse is also able to draw upon the expertise of the other regional teams at Henderson through both formal, regularly scheduled meetings and frequent informal, *ad hoc* discussions.

## **6. Income criteria**

The Company's investment process focuses on dividend paying companies generally yielding 2 per cent. or more, and aims to diversify the yield of the portfolio by ensuring no reliance on any one sector or stock. When considering the income return from a potential stock position, there is a focus on the following characteristics:

- an attractive yield which is repeatable: companies with a >2 per cent. yield that have sustainable dividends backed by robust cash flow;
- an ability to grow in real terms: indicated by a robust balance sheet that supports the pay-out ratio, and a forecast for cash flow growth; and
- a focus on absolute valuation: whereby the fund manager looks at historical valuation ranges to assess at what level there is 'yield support'. Ben Lofthouse also compares dividend yields to other instruments, e.g. yield on bonds issued by the same company.

By focusing on these factors, the fund manager strives to achieve an attractive yield for the Company's portfolio in aggregate and also generate good growth in income.

## **7. Valuation criteria**

The fund manager applies valuation metrics that are relevant to specific companies and the industries or sectors in which they operate. There are, however, three common/central attributes that are emphasised in the process:

- unloved companies: contrarian opportunities which may be those with low relative valuations, turnaround situations, or those that are temporarily out of favour;
- underappreciated earnings: those companies with better cash generation or greater operating leverage than the market expects. These are not necessarily the cheapest in the market but are undervalued versus their return characteristics; and
- undervalued opportunities on fundamental measures: a variety of techniques are used to assess the valuation opportunity, including:
  - Price/Earnings
  - Net asset value
  - Equity free cash flow yields
  - Return on Invested Capital/Weighted Average Cost of Capital
  - Enterprise Value (EV)/Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)
  - Holt (Cash Flow Return on Investment (CFROI))

These valuation criteria are used in tandem with the income criteria to ensure that there is potential for capital growth as well as income growth.

## **8. Stock selection**

Stock ideas are generated from stock screens, industry research and company visits. These ideas are filtered by rigorous analysis of factors such as perceived cash flows, earnings sustainability, dividend quality, strength of management and business model. Stocks are monitored to enforce strict buy and sell discipline. In selecting investments, the fund manager primarily seeks to identify companies with apparent attractive long-term business prospects that generate cash and produce attractive levels of dividend income, and which are, in the fund manager's opinion, undervalued or inexpensive relative to other similar investments.

The fund manager seeks to invest in such a manner that the underlying holdings support the target dividend yield of the Company.

Should a decision be made to allocate to fixed interest, then stock ideas would be provided by Henderson's Retail Fixed Income team.

## PART 3

### THE ISSUE

#### 1. The HGT Scheme

Pursuant to the terms of the HGT Scheme, HGT will be wound up by means of a voluntary winding-up and HGT Shareholders may elect to have their investment in HGT rolled over into either the Company or The Bankers Investment Trust PLC. HGT Shareholders who do not make an election under the HGT Scheme will be deemed to have elected to roll their investment into the Company.

If the Proposals are implemented, the Company will acquire cash and other assets of HGT (other than those appropriated to the Liquidation Fund and the BNKR Rollover Fund). The consideration for such acquisition will be satisfied by the issue of New Ordinary Shares to HGT Shareholders who elect (or are deemed to elect) to receive such shares.

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

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

As a result of the HGT Scheme the Company's market capitalisation should increase, which is expected to enable the Company to attract a wider range of investors which should, in turn, improve liquidity in the Ordinary Shares. In addition, the fixed costs of the Company will be spread over a larger pool of assets resulting in a lower total expense ratio.

The Issue has not been underwritten.

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

The number of New Ordinary Shares to be issued to the Liquidators pursuant to the HGT Scheme (as nominees for HGT Shareholders) will be calculated by reference to the Residual Net Asset Value per HGT Share and the HINT NAV per Share. The Residual Net Asset Value per HGT Share and the HINT NAV per Share will be calculated on the Calculation Date and the Ratio Date respectively.

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

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

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

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

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

**For illustrative purposes only**, had the Ratio Date and the Calculation Date been 17 March 2016 (being the Latest Practicable Date) the HINT NAV per Share and the Residual Net Asset Value per HGT Share

would have been 124.1 pence and 402.3 pence, respectively and the Proposals would have resulted in the issue of 3.242 New Ordinary Shares for each HGT Share.

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

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

The Issue is conditional upon:

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

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

The costs and expenses of the Proposals incurred by the Company, save for the costs of posting this document to HGT Shareholders which will be borne by HGT, will be borne by the Company and are expected to be approximately £430,000, including VAT.

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

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

The New Ordinary Shares will be in registered form. Temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00B3PHCS86. HGT Shareholders who hold their HGT Shares in uncertificated form and who elect (or are deemed to elect) to receive Ordinary Shares will receive New Ordinary Shares in uncertificated form on 26 April 2016. Certificates in respect of New Ordinary Shares to be issued to HGT Shareholders who hold their HGT Shares in certificated form and who elect (or are deemed to elect) to receive New Ordinary Shares will be despatched in the week commencing 2 May 2016.

### **6. Tender offer**

Conditional upon implementation of the HGT Scheme, in the event that the Ordinary Shares trade in excess of a 5 per cent. discount, on average, to the cum-income Net Asset Value per Ordinary Share over the 90 days from the Effective Date, the Company will, subject to obtaining any necessary Shareholder approvals, seek to implement a limited buy back tender offer to all Shareholders for up to 20 per cent. of the number of New Ordinary Shares. Any such tender offer will be at the Net Asset Value per Ordinary Share, adjusted to take into account the costs associated with implementing the tender offer, at the relevant time.

### **7. Restricted HGT Shareholders**

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

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

Any New Ordinary Shares allotted to the Liquidators and which would otherwise be issued to a Restricted HGT Shareholder pursuant to the HGT Scheme will instead be issued to the Liquidators as nominees on

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

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

## **8. General Meeting**

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

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

## PART 4

### DIRECTORS AND MANAGEMENT

#### 1. Directors and Proposed Directors

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

It is intended that Richard Hills and Aidan Lisser will join the Board on the Effective Date. Both Richard Hills and Aidan Lisser, who are currently directors of HGT, will be non-executive Directors and are independent of the AIFM and the Manager.

Biographies of the Directors and Proposed Directors are as follows:

#### *Christopher William Jonas, CBE (Chairman)*

Christopher Jonas has been senior adviser at Lazard & Co. Ltd, an adviser to the joint ventures equity division in Lloyds Banking Group and was on the investment committee of CBRE Investors. He has been a main board member of British Railways, the Port of London Authority and Canary Wharf Group plc. He is currently the Chairman of the Contemporary Art Society. Christopher was Chairman of Goldsmiths University of London and Chairman of the governing body of Roedean and is a past president of the Royal Institution of Chartered Surveyors.

#### *Peregrine Banbury, CVO*

Peregrine Banbury is a consultant for B&C (Bank & Clients). He was a regional non-executive chairman of Coutts & Co following his retirement from Coutts at the end of 2009. He was previously a Managing Partner at Coutts, a former Head of Coutts Asset Management and a director of Coutts Investment Management Limited. A former director of the Securities Institute, he remains a Fellow of the Chartered Institute for Securities and Investment. He has also been a director of a number of investment trusts and trustee of a number of charities.

#### *Bill Eason*

Bill Eason is a consultant to Quilter Cheviot, having been Director of Charities, a director of The European Investment Trust plc, the Regional REIT Ltd and of the Gordon Foundation and is a Business Fellow of Gray's Inn. He has been managing charitable and high net worth portfolios since 1973, and became a member of the London Stock Exchange in 1976. He was Chief Investment Officer at Laing and Cruickshank, and a former Chairman of Henderson High Income Trust plc, as well as acting as trustee to Marshall's Charity and the John Hampden Fund. Bill is an Associate of the Society of Investment Professionals (ASIP) and holds a Chartered Fellowship of the Chartered Institute for Securities and Investment.

#### *Simon Jeffreys*

Simon is Chairman of Aon UK Ltd. He is on the boards of directors and chairs the audit committees of St James's Place plc and SimCorp A/S. Simon was COO of the Wellcome Trust until July 2014, where he was responsible for a wide range of business services, including finance, human resources, information technology and operations. Simon was previously Chief Administrative Officer for Fidelity International and for most of his professional life was a senior audit partner in PricewaterhouseCoopers, where he was the global leader of the firm's investment management and real estate practice.

#### *Richard Hills*

Richard Hills is currently the Chairman of Henderson Global Trust plc. Richard has substantial investment experience, having held senior positions at two major investment companies. He chairs Aztec Group Ltd, which is one of the largest Channel Islands private equity fund administrators. He is currently Chairman of Strategic Equity Capital plc and a director of JPMorgan Income & Capital Trust plc and GLI Alternative Finance plc.

#### *Aidan Lisser*

Aidan is chief marketing officer at Investec Wealth & Investment and was previously employed by Allianz Global Investors AG, Standard Chartered Bank plc and Unilever plc.

## **2. AIFM**

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

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

## **3. Manager**

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

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

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

The Manager is registered as a limited liability company in England and Wales (registered number 00906355) and is authorised and regulated by the FCA (registration number 121857). The principal place of business of the Manager is 201 Bishopsgate, London EC2M 3AE, United Kingdom. The Manager's telephone number is +44 (0) 020 7818 1818.

The fund manager responsible for the Company's portfolio is Ben Lofthouse.

### ***Ben Lofthouse – Fund Manager***

Ben Lofthouse joined Henderson in 2004 as an Investment Analyst on the Equity Income team. He became a fund manager in 2008 and since then has managed a range of equity income mandates in both pooled funds and investment trusts. Prior to joining Henderson, Ben trained as a Chartered Accountant with PricewaterhouseCoopers where he started his career in 1998. He graduated from Exeter University with a BA (Hons) in Business Economics and is a CFA charterholder.

## **4. Administration of the Company**

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

## **5. Fees and expenses**

On-going annual expenses include the following:

### **(i) AIFM**

The AIFM is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable quarterly in arrears and is currently payable at the rate of 0.75 per cent. per annum of Net Asset Value. The Company has agreed with the AIFM that, conditional on the Proposals being implemented, the management fee will be reduced to 0.65 per cent. of Net Asset Value per annum from the Effective Date and will be reduced further to a rate of 0.60 per cent. of Net Asset Value per annum in respect of Net Asset Value in excess of £250 million.

### **(ii) Broker**

Panmure Gordon has been appointed as broker to the Company and is entitled to a fee of £25,000 per annum, payable quarterly in advance.

(iii) **Registrar**

Computershare has been appointed as registrar to the Company. The Registrar is entitled to customary fees for the provision of its services to the Company.

(iv) **Depositary and custodian**

HSBC Bank plc has been appointed as depositary to the Company for the purposes of the AIFM Directive and also provides custody services to the Company. Under the terms of the Depositary Agreement, the Depositary is entitled to be paid an annual fee equal to 0.01 per cent. per annum of Net Asset Value, subject to minimum annual fee of £20,000. The Depositary is also entitled to receive custody fees in accordance with a specified schedule of charges.

In addition to these fees, the Depositary is entitled to certain other payments including the reimbursement of out-of-pocket expenses and also to re-registration fees.

(v) **Directors**

The current annual fees payable to the Directors are £35,000 for the Chairman, £25,000 for the Audit Committee Chairman and £20,000 for other Directors. The Proposed Directors will also be entitled to an annual fee of £20,000. The total remuneration receivable by the Directors and paid by the Company to the Directors in respect of the Company's accounting period ended 31 August 2015 was £100,000.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in attending general meetings, board or committee meetings or otherwise in connection with the performance of their duties. The Board may determine that additional remuneration may be paid, from time to time, to any one or more Directors in the event such Director or Directors are requested by the Board to perform extra or special services on behalf of the Company.

(vi) **Other operational expenses**

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

## 6. Conflicts of interest

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

## 7. Corporate governance

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

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

The UK Corporate Governance Code includes provisions relating to:

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

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

The Company's Audit Committee is chaired by Simon Jeffreys and consists of all the Directors and meets at least twice a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil its responsibilities. The Audit Committee examines the effectiveness of the Company's control systems. It reviews the half-yearly and annual reports and also the scope, results, cost effectiveness, independence and objectivity of the external auditor.

In accordance with the AIC Code the Company has established a Management Engagement Committee which is chaired by Christopher Jonas and consists of all the Directors. The Management Engagement Committee meets at least once a year or more often if required. Its principal duties are to consider the terms of appointment of the Manager and it annually reviews that appointment and the terms of the Management Agreement.

All Directors are members of the Nominations Committee. The Chairman of the Board acts as Chairman of the Nominations Committee but would not chair the Nominations Committee when the Chairman's successor is being considered. The Nominations Committee is responsible for reviewing Board succession planning, the performance of the Board as a whole and the Board committees and the appointment of new directors when appropriate. The Nominations Committee meets annually and additionally as required.

When considering succession planning, the Nominations Committee considers the balance of skills, knowledge, experience and diversity existing on the Board and will recommend when the recruitment of additional non-executive directors is required. Once a decision is made to recruit additional directors to the Board, a formal job description shall be drawn up and each Director is invited to submit nominations; these are considered in accordance with the Board's agreed procedures in addition to any external candidates that may be recommended. The Nominations Committee may also use external agencies as and when the requirement to recruit an additional Board member becomes necessary.

## PART 5

### FINANCIAL INFORMATION

The statutory financial statements for the Company for the financial periods ended 31 August 2013 (the “**2013 Annual Report and Accounts**”), 31 August 2014 (the “**2014 Annual Report and Accounts**”) and 31 August 2015 (the “**2015 Annual Report and Accounts**”) were audited by Grant Thornton LLP, whose reports were unqualified and did not contain any statements under sub-sections 498(2) and 498(3) of the Act.

#### 1. Selected Financial Information

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

	2013 Annual Report and Accounts (Audited)	2014 Annual Report and Accounts (Audited)	2015 Annual Report and Accounts (Audited)
Net assets (£’000)	£55,729	£85,787	£91,594
NAV per Ordinary Share (p)	111.9p	118.4p	115.6p
Dividends per Ordinary Share (p)	4.05p	4.25p	4.50p

#### 2. Operating and financial review

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

Nature of information	2013 Annual Report and Accounts (Page numbers)	2014 Annual Report and Accounts (Page numbers)	2015 Annual Report and Accounts (Page numbers)
Chairman’s Statement	3-4	5-6	5-6
Fund Manager’s Report	5-8	9-11	9-12
Investment Portfolio	9	8	8

#### 3. Statutory accounts for the financial periods ended 31 August 2013, 31 August 2014 and 31 August 2015

The Company’s 2013 Annual Report and Accounts, 2014 Annual Report and Accounts and 2015 Annual Report and Accounts, which have been incorporated into this document by reference and which are available online at <http://www.henderson.com/sites/trusts/international-income-trust/home.aspx> and are also available for inspection at the address referred to in paragraph 11 of Part 7 of this document included, on the pages specified in the table below, the following information:

	2013 Annual Report and Accounts (Page numbers)	2014 Annual Report and Accounts (Page numbers)	2015 Annual Report and Accounts (Page numbers)
Independent Auditor’s Report	22	31-32	32-33
Income Statement	23	33	34
Reconciliation of Movement in Shareholders’ Funds	24	34	35
Balance Sheet	25	35	36
Cash Flow Statement	26	36	37
Notes to the Accounts	27-42	37-51	38-52

The 2013 Annual Report and Accounts, 2014 Annual Report and Accounts and 2015 Annual Report and Accounts have been prepared in accordance with UK GAAP and the Statement of Recommended Practice, issued by the Association of Investment Companies in January 2009.

#### 4. Significant change

Since 31 August 2015 (being the last date in respect of which the Company has published audited financial information) there has been no significant change in the financial or trading position of the Company.

#### 5. Significant gross change

The Proposals will constitute a significant gross change in relation to the Company. Had the Proposals been undertaken at the date of this document and had the Company completed the acquisition of substantially all of HGT's assets on that date, the effect of this significant gross change would have been: (i) to increase the net assets of the Company by the net assets of HGT (after deduction of any amounts appropriated to the Liquidation Fund and the BNKR Rollover Fund, less the aggregate costs and expenses associated with implementation of the HGT Scheme; and (ii) to spread the fixed costs of the Company over a larger asset base. The Proposals are not expected to have a material impact on the Company's earnings per share.

#### 6. Capitalisation and indebtedness

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

	<b>29 February 2016</b> <b>(unaudited)</b> <b>£000</b>
<b>Total Current Debt</b>	
Guaranteed	–
Secured	9,192
Unguaranteed/Unsecured	–
<b>Total Non-Current Debt</b> (excluding current portion of long-term debt)	–
Guaranteed	–
Secured	–
Unguaranteed/Unsecured	–
	<b>31 August 2015</b> <b>(audited)</b> <b>£000</b>
<b>Shareholders' Equity</b> <sup>(1)</sup>	
Called up share capital	793
Share premium	35,796
Special reserve	45,732
<b>Total</b>	<u>82,321</u>

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

There has been no material change in the capitalisation of the Company since 31 August 2015, save for the impact of the issue of 1,000,000 Ordinary Shares which raised gross proceeds of £1,201,875.

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

	<b>29 February 2016</b> <b>(unaudited)</b> <b>£000</b>
(A) Cash	–
(B) Cash equivalent	–
(C) Securities	–
(D) Liquidity (A+B+C)	–
(E) Current financial receivables	442 <sup>(1)</sup>
(F) Current bank debt	9,178
(G) Current portion of non-current debt	–
(H) Other current financial debt	14
(I) Current financial debt (F+G+H)	9,192
(J) Net current financial indebtedness (I-E-D)	8,750
(K) Non-current bank loans	–
(L) Bonds issued	–
(M) Other non-current loans	–
(N) Non-current financial indebtedness (K+L+M)	–

(1) Includes dividends receivable and taxation recoverable.

## **7. Working capital**

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

## PART 6

# UK TAXATION

### Introduction

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

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

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

### The Company

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

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

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

### Shareholders

#### *Taxation of dividends – individuals*

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

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

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

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

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

(B) *“Interest distributions”*

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

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

**Taxation of dividends – companies**

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

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

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

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

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

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

(B) *“Interest distributions”*

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

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

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

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

**Taxation of chargeable gains**

If a Shareholder sells or otherwise disposes or is deemed to dispose of his Ordinary Shares he may, depending on his circumstances and subject to any available exemption or relief, incur a liability to UK capital gains tax (for individual shareholders) or corporation tax on chargeable gains (for corporate shareholders). For Shareholders within the charge to corporation tax, indexation allowance may be

available to reduce any such gain (but not to create or increase an allowable loss). No indexation allowance will be available to individual Shareholders. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of the exempt amount.

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

### **ISAs and SIPPs**

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

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

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

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

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

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

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

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

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

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

### **Information reporting**

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

## PART 7

### ADDITIONAL INFORMATION

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

- 1.1 The Company was incorporated in England and Wales as a public limited company on 2 March 2011 with an unlimited life. The Company is registered as an investment company under section 833 of the Act with registered number 7549407. The Company is domiciled in England and Wales and currently has no employees.
- 1.2 The Company has no subsidiaries.
- 1.3 The Company operates under the Act and is not regulated as a collective investment scheme by the FCA. Its registered office and principal place of business is at 201 Bishopsgate, London EC2M 3AE. The Company's telephone number is +44 (0) 20 7818 1818.
- 1.4 The existing Ordinary Shares in the Company are admitted to the premium segment of the Official List and are traded on the Main Market. The Company is subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules and to the rules of the London Stock Exchange.
- 1.5 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the main conditions that must be met for approval by HMRC for any given accounting period as an investment trust are that:
- the business of the Company is investing in assets with a view to spreading investment risk and giving members the benefit of the results of management of its funds;
  - the Company is not a close company at any time during the accounting period for which approval is sought;
  - each class of the Company's ordinary share capital is admitted to trading on a regulated market throughout the accounting period; and
  - subject to certain limited exceptions, the Company must not retain in respect of the accounting period an amount greater than 15 per cent. of its income (as calculated for UK tax purposes).
- 1.6 The AIFM is a private limited company incorporated in England and Wales with registered number 02678531. The AIFM is authorised and regulated by the FCA. The registered office address of the AIFM is 201 Bishopsgate, London EC2M 3AE and its telephone number is +44 (0)20 7818 1818.
- 1.7 The Manager is a private limited company incorporated in England and Wales with registered number 00906355. The Manager is authorised and regulated by the FCA. The registered office address of the Manager is 201 Bishopsgate, London EC2M 3AE and its telephone number is +44 (0)20 7818 1818.

#### 2. Share Capital

- 2.1 Set out below is the issued share capital of the Company as at the date of this document:

	Nominal Value (£)	Number
Ordinary Shares	802,465.50	80,246,550

All of the Ordinary Shares in issue are fully paid up.

- 2.2 As at the date of this document, the Company held no Ordinary Shares in treasury.
- 2.3 The Company had the following changes in share capital during the period from 1 September 2012 to 31 August 2015:
- 2.3.1 During the period from 1 September 2014 to 31 August 2015, 6,795,962 shares were issued to Panmure Gordon. 3,920,962 of these shares were subscription shares that were exercised on 4 September 2014 and converted to Ordinary Shares. 225,000 Ordinary shares were issued

between 9 January 2015 and 21 January 2015. The remaining 2,650,000 Ordinary Shares were issued under the Company's block listing facility.

- 2.3.2 During the period from 1 September 2013 to 31 August 2014, the Company issued 22,647,538 Ordinary Shares comprised of 17,818,500 Ordinary Shares as a result of a C Share conversion on 22 January 2014 and 450,000 Ordinary Shares through utilising the Company's block listing facility. Upon expiry of the subscription shares which lapsed on 31 August 2014, 4,379,038 of the 8,300,000 subscription shares were converted to Ordinary Shares.
- 2.3.3 During the period from 1 September 2012 to 31 August 2013, the Company issued 4,253,050 Ordinary Shares.
- 2.4 By an ordinary resolution and a special resolution, respectively, passed on 20 November 2015 at the Company's AGM :
- 2.4.1 the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot equity securities up to an aggregate nominal amount of £80,246, such authority to expire on the date of the Company's 2016 AGM, unless renewed at a general meeting prior to such time, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such authority and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred by the resolution had not expired; and
- 2.4.2 the Directors were empowered, pursuant to sections 570 to 573 of the Act to allot equity securities for cash and to sell equity securities from treasury pursuant to the authority referred to in paragraph 2.4.1 above as if section 561 of the Act did not apply to any such allotment or sale provided that this power shall be limited to:
- (i) the allotment of equity securities whether by way of a rights issue, open offer or otherwise in favour of ordinary shareholders on the register of members at such record date as the Directors may determine where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them (or are otherwise allotted in accordance with the rights attaching to such equity securities) subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or local or practical problems arising under the laws of, or requirements of any regulatory body or stock exchange in any territory or otherwise howsoever; and
  - (ii) the allotment (otherwise than pursuant to (i) above) of equity securities up to a maximum aggregate nominal amount of £80,246; and
  - (iii) to the allotment of equity securities at a price of not less than the net asset value per Ordinary Share;
- and shall expire on the date of the Company's 2016 AGM, unless renewed at a general meeting prior to such time, save that the Company may, at any time prior to the expiry of such power, make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of such power, and the Directors may allot equity securities in pursuance of such an offer or agreement as if such power had not expired.
- 2.5 In order to authorise the Company to issue the New Ordinary Shares in connection with the HGT Scheme, Shareholders will be asked to pass the Resolution at the General Meeting.
- 2.6 No share or loan capital of the Company has been issued or agreed to be issued, or is now proposed to be issued for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any such capital and no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.
- 2.7 On 27 February 2013, the share premium account of the Company outstanding at that time was cancelled by order of the Court.
- 2.8 The New Ordinary Shares will be in registered form. Temporary documents of title will not be issued. The ISIN of the Ordinary Shares is GB00B3PHCS86.

### **3. Articles of Association**

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

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

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

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

Subject to the provisions of the Act as amended and every other statute for the time being in force concerning companies and affecting the Company (the "**Statutes**"), if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class may be varied either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class (but not otherwise) and may be so varied either whilst the Company is a going concern or during or in contemplation of a winding-up. At every such separate general meeting the necessary quorum shall be at least two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (but at any adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum), any holder of shares of the class present in person or by proxy may demand a poll and every such holder shall on a poll have one vote for every share of the class held by him. Where the rights of some only of the shares of any class are to be varied, the foregoing provisions apply as if each group of shares of the class differently treated formed a separate class whose rights are to be varied.

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

The Company may by ordinary resolution:

- 3.3.1 consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
- 3.3.2 sub-divide its shares, or any of them, into shares of smaller nominal value than its existing shares; and
- 3.3.3 determine that, as between the shares resulting from such a sub-division, one or more shares may, as compared with the others, have any such preferred, deferred or other rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

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

Subject to the provisions of the Act and without prejudice 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).

#### **3.5 *Dividends***

Subject to the provisions of the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the shareholders but no dividends shall exceed the amount recommended by the Directors. Subject to the provisions of the Act, the Directors may pay interim dividends, or dividends payable at a fixed rate, if it appears to them that they are justified by the profits of the Company available for distribution. If the Directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

Subject to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. If any share is issued on terms that it ranks for dividend as from a particular date, it shall rank for dividend accordingly. In any other case, dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid.

#### **3.6 *Voting rights***

Subject to any rights or restrictions attached to any shares, on a show of hands every shareholder present in person has one vote and every proxy present who has been duly appointed by a

shareholder entitled to vote has one vote, and on a poll every shareholder (whether present in person or by proxy) has one vote for every share of which he is the holder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the vote of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register.

No shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of shares, 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.

### 3.7 ***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.

In their absolute discretion, the Directors may refuse to register the transfer of a share in certificated form which is not fully paid provided that if the share is listed on the Official List such refusal does not prevent dealings in the shares from taking place on an open and proper basis. The Directors may also refuse to register a transfer of a share in certificated form unless the instrument of transfer:

- is lodged, duly stamped, at the registered office of the Company or such other place as the Directors may appoint and is accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- is in respect of only one class of share; and
- is not in favour of more than four transferees.

The Directors may refuse to register a transfer of a share in uncertificated form in any case where the Company is entitled to refuse to register the transfer under the CREST Regulations provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis.

If the Directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company or, in the case of an uncertificated share, the date on which the appropriate instruction was received by or on behalf of the Company in accordance with the CREST Regulations send to the transferee notice of refusal.

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.

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

If the Company is wound up, with the sanction of a special resolution and any other sanction required by law and subject to the Act, the liquidator may divide among the shareholders *in specie* 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 with the like sanction determine, but no shareholder shall be compelled to accept any shares or other securities upon which there is a liability.

### 3.9 ***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 provide the information requested in a notice given to him under section 793 of the Act by the Company in relation his interest in shares (the “default shares”) within 28 days of the notice (or, where the default shares represent at least 0.25 per cent. of their class, 14 days of the notice), sanctions shall apply unless the Directors determine otherwise. The sanctions available are 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 the default 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 the restriction of the transfer of those shares (subject to certain exceptions).

**3.10 *Untraced shareholders***

Subject to various notice requirements, the Company may sell any of a shareholder's shares if, during a period of 12 years, at least three dividends (either interim or final) on such shares have become payable and no cheque for amounts payable in respect of such shares has been presented and no warrant or other method of payment has been effected and no communication has been received by the Company from the shareholder or person concerned.

**3.11 *Appointment of Directors***

Unless the Company determines otherwise by ordinary resolution, the number of Directors (other than alternate Directors) shall not be subject to any maximum but shall not be less than two.

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act as, and is permitted by law to do so, to be a Director either to fill a vacancy or as an additional Director. The Directors may appoint a person who is willing to act, and is permitted by law to do so, to be a Director, either to fill a vacancy or as an additional Director. A person appointed as a Director by the other Directors is required to retire at the Company's next annual general meeting and shall then be eligible for reappointment.

**3.12 *Powers of Directors***

The business of the Company shall be managed by the Directors who, subject to the provisions of the Articles and to any directions given by special resolution to take, or refrain from taking, specified action, may exercise all the powers of the Company.

Any Director may appoint any other Director, or any other person approved by resolution of the Directors and willing to act and permitted by law to do so, to be an alternate Director.

**3.13 *Voting at board meetings***

No business shall be transacted in any meeting of the Directors unless a quorum is present and the quorum may be fixed by the Directors; unless so fixed at any other number the quorum shall be two. A Director shall not be counted in the quorum present in relation to a matter or resolution on which he is not entitled to vote but shall be counted in the quorum present in relation to all other matters or resolutions considered or voted on at the meeting. An alternate Director who is not himself a Director shall, if his appointor is not present, be counted in the quorum.

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

**3.14 *Restrictions on voting***

Subject to any other provision of the Articles, a Director shall not vote at a meeting of the Directors on any resolution concerning a matter in which he has, directly or indirectly, a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company) unless his interest arises only because the case falls within certain limited categories specified in the Articles.

**3.15 *Directors' interests***

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

**3.16 *Indemnity***

Subject to the provisions of the Act, the Company may indemnify any person who is a Director, secretary or other officer of the Company, against: (a) any liability whether in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or any associated company; or (b) any other liability incurred by or attaching to him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his

powers and/or otherwise in relation to or in connection with his duties, powers or office; and purchase and maintain insurance for any person who is a Director, secretary, or other officer or auditor of the Company in relation to anything done or omitted to be done or alleged to have been done or omitted to be done as Director, secretary, officer or auditor.

### 3.17 *General meetings*

In the case of the annual general meeting, 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 twenty-one clear days' notice to all those members and to the auditors unless the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than fourteen clear days has been passed in which case a general meeting may be convened by not less than fourteen clear days' notice in writing.

No business shall be transacted at any meeting unless a quorum is present. Two persons entitled to vote upon the business to be transacted, each being a shareholder or a proxy for a shareholder or a duly authorised representative of a corporation which is a shareholder (including for this purpose two persons who are proxies or corporate representatives of the same shareholder), shall be a quorum.

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 Act, 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 preclude 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 either before a vote on a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared. A poll may be demanded by the Chairman or by: (a) not less than two members having the right to vote at the meeting; or (b) a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or Error! Reference source not found. a member or members holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

### 3.18 *Rights attaching to the C Shares*

The rights and restrictions attaching to the C Shares and the Deferred B Shares arising on Conversion are summarised below.

3.18.1 The following definitions apply for the purposes of this paragraph 3.18 in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this document:

“**Calculation Date**” means the earliest of the:

- (i) close of business on the date to be determined by the Directors occurring after the Manager shall have given notice to the Directors that at least 90 per cent., of the Net Proceeds (or such other percentage as the Directors and Manager shall agree) shall have been invested; or
- (ii) close of business on the date falling six calendar months after the allotment of the C Shares or if such a date is not a Business Day the next following Business Day; or
- (iii) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent;

“**Conversion**” means conversion of the C Shares into Ordinary Shares and Deferred B Shares in accordance with paragraph 3.18.8 below;

“**Conversion Date**” means the close of business on such Business Day as may be selected by the Directors falling not more than 10 Business Days after the Calculation Date;

“**Conversion Ratio**” is the ratio of the cum income net asset value per C Share to the cum income diluted net asset value per Ordinary Share, which is calculated as:

$$\begin{aligned}\text{Conversion Ratio} &= \frac{A}{B} \\ A &= \frac{C-D}{E} \\ B &= \frac{F-C-G+D}{H}\end{aligned}$$

Where:

“**C**” is the aggregate of:

- (a) the value of the investments of the Company attributable to the C Shares (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are in each case to be valued in accordance with (b) below) which are listed, quoted, dealt in or traded on a stock exchange calculated by reference to the bid-market quotations at close of business of, or, if appropriate, the daily average of the prices marked for, those investments on the Calculation Date on the principal stock exchange or market where the relevant investment is listed, quoted, dealt in or traded, as derived from the relevant exchange’s or market’s recognised method of publication of prices for such investments where such published prices are available;
- (b) the value of all other investments of the Company attributable to the C Shares (other than investments included in (a) above) calculated by reference to the Directors’ belief as to a fair current value for those investments on the Calculation Date after taking into account any other price publication services reasonably available to the Directors; and
- (c) the amount which, in the Directors’ opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the C Shares (excluding the investments valued under (a) and (b) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

“**D**” is the amount (to the extent not otherwise deducted from the assets attributable to the C Shares) which, in the Directors’ opinion, fairly reflects the amount of the liabilities of the Company attributable to the C Shares on the Calculation Date;

“**E**” is the number of C Shares in issue on the Calculation Date;

“**F**” is the aggregate of:

- (a) the value of all the investments of the Company (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are in each case to be valued in accordance with (b) below) which are listed, quoted, dealt in or traded on a stock exchange calculated by reference to the bid-market quotations at close of business of, or, if appropriate, the daily average of the prices marked for, those investments on the Calculation Date on the principal stock exchange or market where the relevant investment is listed, quoted, dealt in or traded as derived from the relevant exchange’s or market’s recognised method of publication of prices for such investments where such published prices are available;
- (b) the value of all other investments of the Company (other than investments included in (a) above) calculated by reference to the Directors’ belief as to a fair current value for those investments on the Calculation Date after taking into account any other price publication services reasonably available to the Directors;
- (c) the amount which, in the Directors’ opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments

valued under (a) and (b) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature); and

- (d) the cash that would be received by the Company if all of the outstanding Subscription Rights had been exercisable and had been exercised on the date immediately preceding the Calculation Date;

“**G**” is the amount (to the extent not otherwise deducted in the calculation of F) which, in the Directors’ opinion, fairly reflects the amount of the liabilities of the Company on the Calculation Date; and

“**H**” is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury) plus the number of Ordinary Shares that would be issued if all of the outstanding Subscription Rights had been exercisable and had been exercised on the date immediately preceding the Calculation Date

provided that the Directors shall make such adjustments to the value or amount of A and B as the reporting accountants shall report to be appropriate having regard, among other things, to the assets of the Company immediately prior to the date on which the Company first receives the Net Proceeds relating to the C Shares and/or to the reasons for the issue of the C Shares;

“**Deferred B Shareholder**” means a holder of Deferred B Shares;

“**Deferred B Shares**” means deferred B Shares of 1 penny each in the capital of the Company arising on Conversion;

“**Existing Ordinary Shares**” means the Ordinary Shares in issue immediately prior to Conversion;

“**Force Majeure Circumstances**” means: (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are proposed to be, issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest; and

“**Net Proceeds**” means the net cash proceeds of the issue of the C Shares (after deduction of those commissions and expenses relating thereto and payable by the Company).

References to the reporting accountants confirming any matter should be construed to mean confirmation of their opinion as to such matter whether qualified or not.

References to ordinary shareholders, C shareholders and Deferred B Shareholders should be construed as references to holders for the time being of Ordinary Shares, C Shares and Deferred B Shares respectively.

3.18.2 The holders of the Ordinary Shares, the C Shares and the Deferred B Shares shall, subject to the provisions of the Articles, have the following rights to be paid dividends:

- (a) the Deferred B Shares (to the extent that any are in issue and extant) shall entitle the holders thereof to a non-cumulative dividend at a fixed rate of one per cent, of the nominal amount thereof (the “**Deferred Dividend**”) on the date six months after the Conversion Date on which such Deferred B Shares were created in accordance with paragraph 3.18.8 (the “**Relevant Conversion Date**”) and on each anniversary of such date payable to the holders thereof on the register of members on that date as holders of Deferred B Shares but shall confer no other right, save as provided herein, on the holders thereof to share in the profits of the Company. The Deferred Dividend shall not accrue or become payable in any way until the date six months after the Conversion Date and shall then only be payable to those holders of Deferred B Shares registered in the register of members of the Company as holders of Deferred B Shares on that date. It should be noted that given the proposed repurchase of the Deferred B Shares as described below, it is not expected that any dividends will accrue or be paid on such shares;

- (b) the C shareholders shall be entitled to receive in that capacity such dividends as the Directors may resolve to pay out of net assets attributable to the C Shares and from income received and accrued which is attributable to the C Shares;
- (c) the Existing Ordinary Shares shall confer the right to dividends declared in accordance with the Articles;
- (d) the Ordinary Shares into which C Shares shall convert shall rank *pari passu* with the Existing Ordinary Shares for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and
- (e) no dividend or other distribution shall be made or paid by the Company on any of its shares (other than any Deferred B Shares for the time being in issue) between the Calculation Date and the Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).

3.18.3 The holders of the Ordinary Shares, the C Shares and the Deferred B Shares shall, subject to the provisions of the Articles, have the following rights as to capital:

- (a) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when any C Shares are for the time being in issue and prior to the Conversion Date be applied amongst the holders of the Existing Ordinary Shares *pro rata* according to the nominal capital paid up on their holdings of Existing Ordinary Shares, after having deducted therefrom an amount equivalent to (C-D) using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount shall be applied amongst the C shareholders *pro rata* according to the nominal capital paid up on their holdings of C Shares. For the purposes of this paragraph 3.18.3(a) the Calculation Date shall be such date as the liquidator may determine; and
- (b) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when no C Shares are for the time being in issue be applied as follows:
  - (i) first, if there are Deferred B Shares in issue, in paying to the Deferred B Shareholders one pence in aggregate in respect of every one million Deferred B Shares (or part thereof) of which they are respectively the holders; and
  - (ii) (secondly, the surplus shall be divided amongst the ordinary shareholders *pro rata* according to the nominal capital paid up on their holdings of Ordinary Shares.

3.18.4 As regards voting:

- (a) the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as those applying to holders of Existing Ordinary Shares as set out in the Articles as if the C Shares and Existing Ordinary Shares were a single class; and
- (b) the Deferred B Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.

3.18.5 The following shall apply to the Deferred B Shares:

- (a) the C Shares shall be issued on such terms that the Deferred B Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be repurchased by the Company in accordance with the terms set out herein;
- (b) immediately upon Conversion, the Company shall repurchase all of the Deferred B Shares which arise as a result of Conversion for an aggregate consideration of one penny for every 1,000,000 Deferred B Shares and the notice referred to in paragraph 3.18.8(b) below shall be deemed to constitute notice to each C shareholder (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the Deferred B Shares shall be repurchased immediately upon Conversion for an aggregate consideration of one penny for each holding of 1,000,000 Deferred B Shares. On repurchase, each Deferred B Share shall be treated as

cancelled in accordance with section 706 of the Act without further resolution or consent; and

- (c) the Company shall not be obliged to: (i) issue share certificates to the Deferred B Shareholders in respect of the Deferred B Shares; or (ii) account to any Deferred B Shareholder for the repurchase moneys in respect of such Deferred B Shares.

3.18.6 Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares as a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Company's Articles:

- (a) no alteration shall be made to the Articles of the Company;
- (b) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and
- (c) no resolution of the Company shall be passed to wind up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares and C Shares, as described above, shall not be required in respect of:

- (i) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or
- (ii) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Act) in accordance with sections 727 and 731 of the Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

3.18.7 For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall:

- (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares;
- (b) allocate to the assets attributable to the C Shares such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds and the Calculation Date relating to such C Shares (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares; and
- (c) give appropriate instructions to the Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

3.18.8 The C Shares for the time being in issue shall be sub-divided and converted into Ordinary Shares and Deferred B Shares on the Conversion Date in accordance with the following provisions of this paragraph 3.18.8:

- (a) the Directors shall procure that within 10 Business Days of the Calculation Date:
  - (i) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares and Deferred B Shares to which each C shareholder shall be entitled on Conversion shall be calculated; and
  - (ii) the reporting accountants shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of

the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H in paragraph 3.18.1 above.

- (b) The Directors shall procure that, as soon as practicable following such confirmation and in any event within 10 Business Days of the Calculation Date, a notice is sent to each C shareholder advising such C shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred B Shares to which such C shareholder will be entitled on Conversion.
- (c) On Conversion each C Share shall automatically subdivide into 10 conversion shares of 1 penny each and such conversion shares of 1 penny each shall automatically convert into such number of Ordinary Shares and Deferred B Shares as shall be necessary to ensure that, upon such Conversion being completed:
  - (i) the aggregate number of Ordinary Shares into which the same number of conversion shares of 1 penny each are converted equals the number of C Shares in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share); and
  - (ii) each conversion share of 1 penny which does not so convert into an Ordinary Share shall convert into one Deferred B Share.
- (d) The Ordinary Shares and Deferred B Shares arising upon Conversion shall be divided amongst the former C shareholders *pro rata* according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred B Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).
- (e) Forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue to each former C shareholder new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred B Shares will not be issued.
- (f) The Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

### 3.19 ***Borrowing powers***

The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (insofar as they can) that the aggregate amount outstanding of all money borrowed by the Company and its subsidiaries for the time being shall not at any time when any borrowing is drawn, save with the sanction of an ordinary resolution of the Company, exceed an amount equal to 100 per cent. of NAV.

### 3.20 ***Life***

The Articles contain a provision requiring the Directors to propose an ordinary resolution for the continuation of the Company at every third annual general meeting. Upon any such resolution not being passed, proposals will be put forward to the effect that the Company be wound up, liquidated, reconstructed or unitised.

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

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

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

- 4.1.1 a person acquires an interest in shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- 4.1.2 a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires

additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

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

#### 4.2 **Compulsory Acquisition**

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

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

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

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

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

Name	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
Christopher Jonas	139,730	0.17
Peregrine Banbury	28,649	0.04
William Eason	125,000	0.16
Simon Jeffreys	127,397	0.16
Richard Hills	—	—
Aidan Lisser	—	—

Save as disclosed in this paragraph, immediately following Admission, no Director or Proposed Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company. Richard Hills currently holds 25,000 HGT Shares and will receive New Ordinary Shares pursuant to the HGT Scheme. Aidan Lisser holds 2,450 HGT Shares and will receive New Ordinary Shares pursuant to the HGT Scheme.

#### 5.2 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. The Directors are subject to retirement by rotation in accordance with the Articles.

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

#### 5.3 The annual fees payable to the Directors are £35,000 for the Chairman, £25,000 for the Audit Committee Chairman and £20,000 for other Directors. The total remuneration receivable by the

Directors and paid by the Company to the Directors in respect of the Company's accounting period ended 31 August 2015 was £100,000.

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

- 5.4 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 5.5 Over the five years preceding the date of this document, the Directors and the Proposed Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of the following administrative, management or supervisory bodies and/or partnerships:

***Christopher Jonas***

**Present directorships and partnerships**

The Contemporary Art Society  
Wye Valley Partners LLP

**Past directorships and partnerships**

Chelsfield Partners LLP  
ECNLive Limited  
Executive Channel Europe Limited  
Executive Channel Europe Ltd  
Henderson Global Property Companies Limited  
PSUK II (Jersey) Ltd  
PSUK (Jersey) Ltd  
Ramteazle Limited  
Rich Media House Ltd  
Sunco II LLP  
The Clothworkers Company Limited  
The Clothworkers Company Properties Limited  
The Clothworkers Foundation  
Victoria Square Gardens Limited

***Peregrine Banbury***

**Present directorships and partnerships**

The Clive and Sylvia Richards Charity

**Past directorships and partnerships**

Coutts & Co Investment Management Limited  
Exeter Preferred Capital Investment Trust plc  
Exeter Selective Assets plc  
Henderson Global Property Companies Limited  
Schroders Income & Growth Trust plc  
Second City Merchants plc  
The Securities Institute  
The Strand, Aldwych and Trafalgar Square Association  
The Two Moors Festival Limited

***Bill Eason***

**Present directorships and partnerships**

The European Investment Trust Plc  
The Gordon Foundation  
Regional REIT Ltd

**Past directorships and partnerships**

Cheviot Partners LLP

***Simon Jeffreys***

**Present directorships and partnerships**

Aon UK Limited  
Sim Corp A/S  
St James's Place plc

**Past directorships and partnerships**

Diamond Light Source Limited  
Fidelity Structured Investments SPC  
Genome Research Limited  
Gower Place Investments Limited  
MSD Wellcome Trust Hilleman Laboratories Private Limited  
Syncona Management Services Limited  
Wellcome Trust Finance plc  
Wellcome Trust Finance Plc  
Wellcome Trust GP Limited  
Wellcome Trust International Limited

**Simon Jeffreys (continued)**

**Present directorships and partnerships**

**Past directorships and partnerships**

Wellcome Trust Investments 1 Unlimited  
Wellcome Trust Investments 2 Unlimited  
Wellcome Trust Investments 3 Unlimited  
Wellcome Trust Residential 1 Limited  
Wellcome Trust Residential 2 Limited  
Wellcome Trust Residential 1 Unlimited

**Richard Hills**

**Present directorships and partnerships**

**Past directorships and partnerships**

Engandscot Limited  
GLI Alternative Finance plc  
Henderson Global Trust plc  
JPMorgan Income & Capital Trust plc  
Strategic Equity Capital plc  
Aztec Group Limited  
Aztec Financial Services (Guernsey) Limited  
Darley Energy plc

Aberdeen New Dawn Investment Trust plc  
Phaunos Timber Fund Ltd  
Cinven Limited

**Aidan Lisser**

**Present directorships and partnerships**

**Past directorships and partnerships**

Henderson Global Trust plc

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

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

5.6.2 have not been associated with any bankruptcies, receiverships or liquidations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

5.6.3 have not had any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

5.7 So far as is known to the Company, and which is notifiable under the Disclosure and Transparency Rules, as at the Latest Practicable Date the following persons held directly or indirectly 3 per cent. or more of the Company's voting rights:

Name	Number of voting rights held	Percentage of voting rights
Speirs & Jeffrey Client Nominees Ltd	7,948,364	9.90
Cheviot Capital (Nominees) Ltd	6,937,711	8.64
Smith & Williamson Nominees Limited	4,096,058	5.10
Smith & Williamson Nominees Limited <ISA>	3,130,901	3.90

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

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

5.9 The Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

5.10 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

5.11 Save for continuing payment of Directors' remuneration and the management fees on the bases set out in paragraphs 5.3 and 6.2 respectively of this Part 7, there have been no related party transactions entered into by the Company at any time during the period from 1 September 2012 to the Latest Practicable Date.

5.12 Save for each of the Directors' and Proposed Directors' interests in the share capital of the Company (referred to in paragraph 5.1 above) and the annual fees payable to the Directors and the Proposed Directors (referred to in paragraph 5.3 above), none of the Directors or Proposed Directors has any conflict of interest or potential conflicts of interest between any duties to the Company and his private interests and any other duties. The AIFM, the Manager, any of their directors, officers, employees, agents and affiliates and the Directors and Proposed Directors and any person or company with whom they are affiliated or by whom they are employed (each an "**Interested Party**") may be involved in other financial, investment or other professional activities which may cause conflicts of interest with the Company. In particular, Interested Parties may provide services similar to those provided to the Company to other entities and shall not be liable to account for any profit from any such services. For example, an Interested Party may acquire on behalf of a client an investment in which the Company may invest.

## **6. Material Contracts**

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

### **6.1 *Transfer Agreement***

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

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

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

### **6.2 *Management Agreement***

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

Under the terms of the Management Agreement, the AIFM is entitled to a management fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. The management fee is payable quarterly in arrears and currently is at the rate of 0.75 per cent. of Net Asset Value per annum. The Company has agreed with the AIFM that, conditional on the Proposals being implemented, the management fee will be reduced to 0.65 per cent. of Net Asset Value per annum from the Effective Date and will be reduced further to a rate of 0.60 per cent. of Net Asset Value per annum in respect of Net Asset Value in excess of £250 million.

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

The Management Agreement is terminable by either the AIFM or the Company giving to the other not less than 6 months' written notice. The Management Agreement may be terminated earlier by

either party with immediate effect and without compensation on the occurrence of certain events, including material and continuing breach and insolvency. On termination the AIFM is entitled to receive its fees payable under the Management Agreement *pro rata* to the date of termination and the Company will pay any necessary termination expenses.

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

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

### 6.3 **Registrar Agreement**

The Registrar Agreement between the Company and the Registrar dated 21 November 2014, pursuant to which the Registrar has been appointed as registrar to the Company. The Registrar is entitled to customary fees for the provision of its services to the Company.

Either party may terminate the Registrar Agreement on not less than six months' written notice, such notice not to expire prior to 1 November 2017. Either party may terminate the Registrar Agreement with immediate effect in certain circumstances, including in the event of material and continuing breach or insolvency.

The Registrar Agreement limits the Registrar's liability thereunder over any 12 month period to an agreed multiple of the fees payable by the Company to the Registrar in any 12 month period. The Company indemnifies the Registrar against all losses arising out of or connected to the performance of its obligations under the Registrar Agreement, save in the case of a breach by the Registrar of the terms of the Registrar Agreement. The Registrar also indemnifies the Company against all losses which it may incur as a result of or in connection with the fraud, wilful default or negligence of the Registrar.

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

### 6.4 **Depositary Agreement**

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

Under the Depositary Agreement, the Depositary has safekeeping of assets, cash flow monitoring and oversight responsibilities. It has strict liability in relation to financial instruments and is liable for negligence and wilful default. The Depositary Agreement is terminable on 180 days' notice. The Depositary Agreement is subject to earlier termination on the occurrence of certain events, including insolvency and material and continuing breach.

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

The Depositary is entitled to an annual fee equal to 0.01 per cent. per annum of Net Asset Value, subject to a minimum annual fee of £20,000. The Depositary is also entitled to receive custody fees in accordance with a specified schedule of charges.

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

### 6.5 **Facility agreement**

A facility agreement dated 4 May 2011 (as amended on 18 July 2014) between the Company as borrower and HSBC Bank plc as lender in respect of an overdraft facility made available by HSBC Bank plc to the Company in an amount not exceeding the lesser of: (a) £20,000,000; and (b) 25 per cent. of assets under custody, for the purpose of providing liquidity. Interest is charged monthly in arrears on any amounts outstanding under the facility at a rate per annum which is the aggregate of HSBC Bank plc's base rate plus 1.25 per cent. A fee is also payable by the Company at the rate of £15,000 per annum.

### 6.6 **Charge agreement**

A charge dated 18 July 2014 between the Company as chargor and HSBC Bank plc as the secured party pursuant to which the Company has charged its assets in favour of HSBC Bank plc.

## **7. Litigation**

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

## **8. General**

- 8.1 Where information has been sourced from third parties, the Company confirms that this information has been accurately reproduced and that, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 8.2 Panmure Gordon has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 8.3 Each of Henderson Investment Funds Limited and Henderson Global Investors Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 8.4 Henderson Global Investors Limited accepts responsibility for the information contained in paragraph 4 of Part 1, Part 2 and paragraph 3 of Part 4 of this document and has authorised the inclusion of that information in the form and context in which it is included. Henderson Global Investors Limited has taken all reasonable care to ensure that the information contained in paragraph 4 of Part 1, Part 2 and paragraph 3 of Part 4 of this document is, to the best of its knowledge, in accordance with the facts and contains no omissions likely to affect its import.
- 8.5 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Directors intend to apply for all New Ordinary Shares issued pursuant to the Issue to be admitted to CREST with effect from Admission. Accordingly, it is intended that settlement of transactions in the New Ordinary Shares issued pursuant to the Issue following Admission may take place within the CREST system if the relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrar.

## **9. Auditors**

The auditors to the Company are Grant Thornton LLP of 30 Finsbury Square, London EC2P 2YU. Grant Thornton LLP is registered to carry on audit work by The Institute of Chartered Accountants in England and Wales (ICAEW). The firm is a member of the ICAEW Practice Assurance scheme and is subject to the jurisdiction of The Accountancy and Actuarial Discipline Board. Grant Thornton LLP have audited the Company's annual accounts for the financial periods ended 31 August 2013, 31 August 2014 and 31 August 2015 and no other information contained in this document.

## **10. Depositary**

The Depositary is HSBC Bank plc, a public limited company incorporated in England and Wales on 1 July 1880 under company number 14259. Its registered office is at 8 Canada Square, London E14 5HQ, telephone number +44 (0)20 7991 8888. The Depositary is authorised and regulated by the FCA for the conduct of its investment business in the United Kingdom and by the PRA.

## **11. Documents on display**

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

- 11.1 this document;
- 11.2 the Articles;
- 11.3 the audited accounts of the Company for the years ended 31 August 2013, 31 August 2014 and 31 August 2015;
- 11.4 the Circular;

11.5 the circular to HGT Shareholders in connection with the HGT Scheme; and

11.6 the Transfer Agreement.

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

## 12. Documents incorporated by reference

This document should be read and construed in conjunction with the following documents, which have been previously published and filed with the FCA, which are available from the offices of the AIFM, 201 Bishopsgate, London EC2M 3AE and from the Company's website at <http://www.henderson.com/sites/trusts/international-income-trust/home.aspx> and which are available for inspection in accordance with paragraph 11 above:

Reference document	Information incorporated by reference	Page number in the document
2015 Annual Report and Accounts	Performance Highlights	2-3
	Business Model	4
	Chairman's Statement	5-6
	Portfolio Information	7
	Investment Portfolio	8
	Fund Manager's Report	9-12
	Historical Performance and Financial Information	13
	Governance Structure and Directors' Biographies	14
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2014 Annual Report and Accounts	Performance Highlights	2-3
	Business Model	4
	Chairman's Statement	5-6
	Portfolio Information	7
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	Fund Manager's Report	9-11
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<b>Reference document</b>	<b>Information incorporated by reference</b>	<b>Page number in the document</b>
2013 Annual Report and Accounts	Financial Highlights and Performance	1
	Chairman's Statement	3-4
	Portfolio Manager's Report	5-8
	Investment Portfolio	9
	Directors and Management Team	10
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Dated: 23 March 2016

## PART 8

### DEFINITIONS

“Act”	the Companies Act 2006, as amended from time to time
“Admission”	the admission of the New Ordinary Shares: (i) to the premium segment of the Official List; and (ii) to trading on the Main Market, becoming effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
“AGM”	annual general meeting
“AIC Code”	the Association of Investment Companies’ Code of Corporate Governance, as amended from time to time
“AIC Guide”	the Association of Investment Companies’ Corporate Governance Guide for Investment Companies, as amended from time to time
“AIF”	an alternative investment fund
“AIFM” or “HIFL”	Henderson Investment Funds Limited, the Company’s alternative investment fund manager
“AIFM Directive” or “AIFMD”	Directive 2011/61/EU on Alternative Investment Fund Managers
“AIFM Regulation”	Alternative Investment Fund Manager Regulations 2013 (SI 2013/1773)
“Articles”	the articles of association of the Company
“Auditors”	Grant Thornton LLP or such other auditor as the Company may appoint from time to time
“Benchmark”	the MSCI World ex UK (Sterling adjusted)
“BNKR Resolution”	the resolution to be proposed at a general meeting of shareholders of The Bankers Investment Trust PLC to sanction the issue of new ordinary shares in The Bankers Investment Trust PLC pursuant to the HGT Scheme
“BNKR Rollover Fund”	the fund comprising the pool of HGT’s assets that will be transferred to The Bankers Investment Trust PLC pursuant to the HGT Scheme
“Business Day”	a day (excluding Saturdays and Sundays or public holidays in England and Wales) on which banks generally are open for business in London for the transaction of normal business
“C Shares”	C shares of 10 pence each in the capital of the Company having the rights and restrictions set out in paragraph 3.18 of Part 7 of this document
“Calculation Date”	close of business on 20 April 2016, being the time and date at which HGT’s assets will be determined for the purposes of the calculation of the Residual Net Asset Value per HGT Share and the creation of the Liquidation Fund, the HINT Rollover Fund and the BNKR Rollover Fund
“certificated form”	not in uncertificated form
“Circular”	the circular published by the Company in connection with the issue of the New Ordinary Shares dated 23 March 2016
“Company”	Henderson International Income Trust plc
“Computershare”	Computershare Investor Services PLC
“CREST”	the relevant system as defined in the CREST Regulations in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form

<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), as amended
<b>“Depository”</b>	HSBC Bank plc, as depository and custodian
<b>“Depository Agreement”</b>	the depository agreement dated 18 July 2014 between the Company, the AIFM and the Depository summarised in paragraph 6.4 of Part 7 of this document
<b>“Directors” or “Board”</b>	the board of directors of the Company
<b>“Disclosure and Transparency Rules”</b>	the disclosure and transparency rules made by the FCA under Part 6 of FSMA
<b>“Effective Date”</b>	the date on which the HGT Scheme becomes effective, which is expected to be 25 April 2016
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited
<b>“FCA”</b>	the UK Financial Conduct Authority
<b>“FSMA”</b>	the UK Financial Services and Markets Act 2000, as amended
<b>“General Meeting”</b>	the general meeting of the Company to consider the Resolution convened for 2.30 p.m. on 15 April 2016, or any adjournment thereof
<b>“Gross Assets”</b>	the gross assets of the Company as determined in accordance with the accounting principles adopted by the Company from time to time
<b>“HGT”</b>	Henderson Global Trust plc
<b>“HGT NAV”</b>	the net asset value of HGT being the value of HGT’s assets less any liabilities it has, calculated in accordance with HGT’s normal accounting policies, on a cum-income, debt at par basis, post the costs of the Proposals (but ignoring any provision for the winding-up) and adjusted to take into account any dividends declared but not paid prior to the Effective Date by HGT to its shareholders
<b>“HGT Preference Stock”</b>	the 3.75% (formerly 3.5%) cumulative preference stock of HGT
<b>“HGT Scheme”</b>	the proposed scheme of reconstruction and voluntary winding-up of HGT under section 110 of the Insolvency Act 1986
<b>“HGT Shareholders”</b>	holders of HGT Shares
<b>“HGT Shares”</b>	ordinary shares of nominal value 25 pence each in the capital of HGT
<b>“HINT NAV per Share”</b>	the net asset value of an Ordinary Share, being the value of the Company’s assets less any liabilities it has, calculated in accordance with the Company’s normal accounting policies, on a cum-income basis, post the costs of the Proposals to the Company (but not stamp duty or dealings costs) and adjusted to take into account any dividends declared but not paid to Shareholders prior to the Effective Date, divided by the number of Ordinary Shares in issue
<b>“HINT Rollover Fund”</b>	the fund comprising the pool of HGT’s assets that will be transferred to the Company pursuant to the HGT Scheme
<b>“HMRC”</b>	HM Revenue & Customs
<b>“ISA”</b>	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998, as amended from time to time
<b>“Issue”</b>	the allotment and issue of New Ordinary Shares to certain HGT Shareholders pursuant to the HGT Scheme
<b>“Latest Practicable Date”</b>	close of business on 17 March 2016, being the latest practicable date prior to the date of this document for ascertaining certain information contained herein

<b>“Liquidation Fund”</b>	the fund to be retained by the Liquidators in connection with the HGT Scheme to meet all known and unknown liabilities of HGT and other contingencies
<b>“Liquidators”</b>	the liquidators of HGT appointed in connection with the HGT Scheme
<b>“Listing Rules”</b>	the listing rules made by the FCA under section 73A of FSMA
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Main Market”</b>	the main market for listed securities operated by the London Stock Exchange
<b>“Management Agreement”</b>	the management agreement dated 17 July 2014 between the AIFM and the Company, as amended, summarised in paragraph 6.2 of Part 7 of this document
<b>“Manager”</b>	Henderson Global Investors Limited
<b>“Member State”</b>	any member state of the European Economic Area
<b>“NAV” or “Net Asset Value”</b>	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time
<b>“Net Asset Value per Ordinary Share”</b>	the Net Asset Value divided by the number of Ordinary Shares in issue
<b>“New Ordinary Shares”</b>	new Ordinary Shares to be issued pursuant to the Issue
<b>“Official List”</b>	the official list maintained by the FCA
<b>“Ordinary Shares”</b>	ordinary shares of nominal value 1 pence each in the capital of the Company
<b>“Panmure Gordon”</b>	Panmure Gordon (UK) Limited
<b>“PRA”</b>	the UK Prudential Regulation Authority
<b>“Proposals”</b>	the proposals for the issue of New Ordinary Shares to certain HGT Shareholders pursuant to the HGT Scheme
<b>“Proposed Directors”</b>	Richard Hills and Aidan Lisser
<b>“Prospectus Rules”</b>	the rules and regulations made by the FCA under Part 6 of FSMA
<b>“Ratio Date”</b>	close of business on 22 April 2016, being the time and date at which the HINT NAV per Share will be calculated and the number of New Ordinary Shares to be issued to each relevant HGT Shareholder will be determined
<b>“Register”</b>	the register of members of the Company
<b>“Registrar”</b>	Computershare Investor Services PLC
<b>“Registrar Agreement”</b>	the registrar agreement dated 21 November 2014, between the Company and the Registrar summarised in paragraph 6.3 of Part 7 of this document
<b>“Regulation S”</b>	Regulation S under the Securities Act
<b>“Regulatory Information Service”</b>	a service authorised by the UK Listing Authority to release regulatory announcements to the London Stock Exchange
<b>“Relevant Member State”</b>	each Member State which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator in that Member State
<b>“Residual Net Asset Value”</b>	the net assets of HGT available to HGT Shareholders as determined under the HGT Scheme, i.e. after providing for the liabilities to be discharged out of the Liquidation Fund

<b>“Residual Net Asset Value per HGT Share”</b>	the Residual Net Asset Value divided by the number of HGT Shares in issue as at the Calculation Date
<b>“Resolution”</b>	the resolution to be proposed at the General Meeting, as summarised in Part 1 of this document and set out in full in the notice of general meeting in the Circular
<b>“Restricted HGT Shareholder”</b>	a HGT Shareholder with a registered address in any of the Restricted Territories or any other jurisdiction where the offer or receipt of New Ordinary Shares pursuant to the HGT Scheme may violate the relevant laws and/or regulations of that jurisdiction
<b>“Restricted Territories”</b>	any of Australia, Canada, Japan and the United States
<b>“Retention”</b>	the retention to be made by the Liquidators to meet any contingent and unknown liabilities of HGT
<b>“Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“Shareholder”</b>	a holder of Ordinary Shares
<b>“SIPP”</b>	a self-invested personal pension as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 of the UK
<b>“Sterling” or “£”</b>	pounds sterling, the lawful currency of the UK
<b>“Sub-Investment Management Agreement”</b>	the sub-investment management agreement dated 21 July 2014 between the AIFM and the Manager pursuant to which the AIFM has delegated portfolio management of the Company’s assets to the Manager
<b>“Takeover Code”</b>	The City Code on Takeovers and Mergers
<b>“Transfer Agreement”</b>	the agreement for the transfer of assets from HGT to the Company, details of which are set out in paragraph 6.1 of Part 7 of this document
<b>“Transfer Date”</b>	the date on which HGT’s assets are transferred to the Company pursuant to the Transfer Agreement, which is expected to be the Effective Date
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK GAAP”</b>	UK Generally Accepted Accounting Principles
<b>“UK Listing Authority” or “UKLA”</b>	the FCA acting in its capacity as the competent authority for the purposes of admissions to the Official List
<b>“uncertificated” or “in uncertificated form”</b>	a Share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>“US Investment Company Act”</b>	the United States Investment Company Act of 1940, as amended
<b>“US Person”</b>	a US Person as defined for the purposes of Regulation S

