

This document is issued by M&L Capital Management Limited (the “AIFM”) solely in order to make information available to investors in Manchester & London Investment Trust PLC (the “Company”) before they invest in its single share class of ordinary 25p shares, in accordance with the requirements of the FCA Rules implementing the AIFM Directive in the United Kingdom. It is made available to investors in the Trust by being made available at [www.mlcapman.com/manchester-london-investment-trust-plc](http://www.mlcapman.com/manchester-london-investment-trust-plc).

**Investors in the Company are referred to the section of this document entitled ‘Important Information’.**

**Investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.**

# **Manchester & London Investment Trust Plc**

## **INVESTOR DISCLOSURE DOCUMENT**

**Last update December 2021**

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## IMPORTANT INFORMATION

### Regulatory status of the Company

Manchester & London Investment Trust PLC (the “**Company**”) is an ‘alternative investment fund’ (“**AIF**”) for the purposes of the EU Alternative Investment Fund Managers’ Directive (Directive 2011/61/EU). M&L Capital Management Ltd (the “**AIFM**”) is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“**FCA**”) with permission to manage an AIF for the purposes of that Directive. The AIFM has been appointed by the Company as its full-scope AIFM to manage the Company’s investments under an alternative investment fund manager agreement (“**AIFMA**”).

### Limited purpose of this document

This document is issued by the AIFM solely in order to make certain particular information available to investors in the Company before they invest, in accordance with the requirements of the FCA Rules implementing the AIFM Directive in the United Kingdom. It is made available to investors in the Company by being published at [www.mlcapman.com](http://www.mlcapman.com). This document is not being issued for any purpose other than to make these particular required regulatory disclosures to investors before they invest and, to the fullest extent permitted under applicable law and regulations, neither the Company nor the AIFM will be responsible to persons other than the Company’s shareholders for their use of this document, nor will they be responsible to any person (including the Company’s shareholders) for any use which they may make of this document other than in relation to an investment in shares in the Company.

**Certain items of the information which the AIFM is required to disclose to investors before they invest in the Company are not included in this document. Such information is made available by the Company by other means, such as in its annual and interim reports, or via its website at [www.mlcapman.com](http://www.mlcapman.com).** To the fullest extent permitted under applicable law and regulations, neither the Company nor the AIFM nor their Directors accept any responsibility for the omission of any information from this document.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company’s shares.

**This document is not a prospectus and may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.** This document is issued only for information purposes in order to satisfy the requirements of the FCA Rules implementing the AIFM Directive in the United Kingdom and it is not intended to be an invitation or inducement to any person to engage in any investment activity.

### No advice

Neither the Company nor the AIFM nor their Directors are advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document, or any other document issued by the AIFM or the Company, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in shares.

As the Company is conducting/intends to continue to conduct its affairs as an investment trust, the Company’s ordinary shares qualify as a **mainstream investment product** and can be recommended by Regulated Financial Advisers to ordinary retail investors in accordance with the rules in relation to non-mainstream investment products.

## **Overseas investors**

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions.

The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares.

## **Risk factors**

**Potential investors should consider the risks associated with the Company's investment strategy and use of leverage which are set out in the section of this document below entitled 'Investment Risks'. These are NOT, however, intended to represent a complete list of all risk factors relating to an investment in the Company and its shares.**

In particular, it should be remembered that the price of a share, and the income from shares (if any), can go down as well as up. An investment in shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets.

# INTRODUCTION TO MANCHESTER & LONDON INVESTMENT TRUST PLC

## **The Company**

Manchester & London Investment Trust PLC is an investment company with investment trust status which has been listed on the main list of the London Stock Exchange since 8 December 1997.

The Company has its registered office in London.

## **Investment Objective**

To achieve capital appreciation.

## **Investment Policy**

### ***Asset Allocation***

The Company's investment objective is sought to be achieved through a policy of actively investing in a diversified portfolio, comprising any of global equities and/or fixed interest securities and/or derivatives.

The Company may invest in derivatives, money market instruments, currency instruments, contracts for differences ("CFDs"), futures, forwards and options for the purposes of (i) holding investments and (ii) hedging positions against movements in, for example, equity markets, currencies and interest rates.

The Company seeks investment exposure to companies whose shares are listed, quoted or admitted to trading. However, it may invest up to 10% of gross assets (at the time of investment) in the equities and/or fixed interest securities of companies whose shares are not listed, quoted or admitted to trading.

### ***Risk diversification***

The Company intends to maintain a diversified portfolio and it is expected that the portfolio will have between approximately 20 to 100 holdings. No single holding will represent more than 20% of gross assets at the time of investment. In addition, the Company's five largest holdings (by value) will not exceed (at the time of investment) more than 75% of gross assets.

Although there are no restrictions on the constituents of the Company's portfolio by geography, industry sector or asset class, it is intended that the Company will hold investments across a number of geographies and industry sectors. During periods in which changes in economic, political or market conditions or other factors so warrant, the Manager may reduce the Company's exposure to one or more asset classes and increase the Company's position in cash and/or money market instruments.

The Company will not invest more than 15% of its total assets in other listed closedended investment funds. However, the Company may invest up to 50% of gross assets (at the time of investment) in an investment company subsidiary, subject always to the other restrictions set out in this investment policy and the Listing Rules.

### ***Gearing***

The Company may borrow to gear the Company's returns when the Manager believes it is in Shareholders' interests to do so. The Company's Articles of Association ("Articles") restrict the level of borrowings that the Company may incur up to a sum equal to two times the net asset value of the Company as shown by the then latest audited balance sheet of the Company.

The effect of gearing may be achieved without borrowing by investing in a range of different types of investments including derivatives. Save with the approval of Shareholders, the Company will not enter into any investments which have the effect of increasing the Company's net gearing beyond the limit on borrowings stated in the Articles.

### ***General***

In addition to the above, the Company will observe the investment restrictions imposed from time to time by the Listing Rules which are applicable to investment companies with shares listed on the Official List of the FCA.

No material change will be made to the investment policy without the approval of Shareholders by ordinary resolution. In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the remedial actions to be taken by the Board and the Manager by an announcement

### **Investment Style and Strategy**

The fund's portfolio is constructed with flexibility but is primarily focused on stocks that exhibit the attributes of growth

### **Leverage**

'Leverage' is a term used to describe any method by which the Company increases its exposure, whether through borrowing (gearing) or through leverage embedded in derivative positions or by any other means.

Leverage is calculated in two ways: as a gross figure, and by the 'commitment' method, which takes into account netting of positions. As the leverage calculation includes exposure created by the Company's investments, it is only described as 'leveraged' if its overall exposure is greater than its net asset value. This is shown as a leverage ratio of greater than 100%.

The Company is only permitted to use those types and sources of leverage which are consistent with its investment policy and its object of spreading investment risk. In addition to borrowing (gearing), the Company can use derivative instruments to hedge, enhance and protect positions, including currency exposures, and for investment purposes.

Details of the risks associated with the Company's use of leverage are set out in the section of this document below entitled '*Risks of Investing in the shares of the Company*'.

Details of any changes to the maximum level of leverage which the Company may employ will be disclosed to investors on the Company's website without undue delay.

The Company will disclose information on the total amount of leverage employed by the Company on its website at the same time as it makes its annual report and accounts available to investors or more frequently at its discretion within its monthly factsheets.

The Company may borrow to leverage the Company's returns when the Manager believes it is in shareholders' interests to do so. The Company's investment policy and the Articles permit the Company to incur borrowing up to a sum equal to two times the net asset value of the Company.

<b>Leverage exposure</b>	<b>Gross method</b>	<b>Commitment method</b>
<b>Maximum limit</b>	275%	250%
<b>Actual</b>	See latest Factsheet on <a href="http://www.mlcapman.com">www.mlcapman.com</a>	See latest Factsheet on <a href="http://www.mlcapman.com">www.mlcapman.com</a>

The leverage policy has been approved by the AIF and the AIFM. The policy limits the leverage ratio that can be deployed by the Company at any one time to 275% (gross method) and 250% (commitment method). This includes any gearing created by its investment policy. This is a maximum figure as required by regulation, and not necessarily the amount of leverage that is actually used. The Depositary has reviewed the calculations and methodology.

Any change to the Company's borrowing policy will only be made with the approval of shareholders by special resolution. The effect of gearing may be achieved by investing in a range of different types of investments including derivatives. The Company will not enter into any investments which have the effect of increasing the Company's leverage beyond the above limits.

## **Dividend Policy**

The Company may declare dividends as justified by funds available for distribution. The Company will not retain in respect of any accounting period an amount which is greater than 15 per cent of revenue profit in that period. Recurring income from dividends on underlying holdings is paid out as ordinary dividends.

## **Capital Structure**

The Company's capital structure, including details of the powers of the Company's Directors in relation to the issuing or buying back by the Company of its Shares, of shareholder authority for the purchase by the Company of its own Shares still valid at the period end and of acquisitions of own Shares, is summarised in the Annual Report and Financial Statements.

The shareholders have approved the Company to acquire up to 14.99 per cent of its issued share capital.

## **Business Model**

The Company is an Investment Company as defined by Section 833 of the Companies Act 2006 and operated as an Investment Trust in accordance with Section 1158 of the Corporation Tax Act 2010. The Company is also governed by the Listing Rules and Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and is listed on the Premium Segment of the main market of the London Stock Exchange under the epic code "MNL". The close company provisions of the Corporation Tax Act 2010 do not apply to the Company.

## **Historical performance of the Company**

Details of the Company's historical financial performance are provided in the Company's annual reports and accounts and monthly factsheets, which are available at [www.mlcapman.com](http://www.mlcapman.com).

**Investors should note that past performance of the Company is not necessarily indicative of future performance.**

## **The Board of Directors**

The Board is responsible for the appointment of a manager to manage the investment portfolio of the Company within the Investment Policy approved by the shareholders and for agreeing the terms of the alternative investment fund manager agreement ("**AIFMA**"). Details of the Directors can be found in the Audited Annual Report & Financial Statements at [www.mlcapman.com](http://www.mlcapman.com).

## **Changes in investment policy or investment strategy**

In accordance with the requirements of the Listing Rules of the Official List of the UK Listing Authority, the Company will not make any material change to its published investment policy without prior shareholder approval. Any material change to the published investment policy would also be announced through a Regulatory Information Service. The Company's published investment policy is set out in the section entitled '*Investment policy*' above.

Any change in the investment policy or investment strategy which does not amount to a material change to the published investment policy may be made by the AIFM in respect of the Company without shareholder approval.

## **Details of the portfolio**

The Company's annual reports and accounts set out a full list of the Company's quoted equity holdings as at the end of the relevant financial period and also include analyses of the performance of the portfolio. The Company's largest holdings are disclosed monthly via its factsheet. Both reports and accounts and factsheets are available at [www.mlcapman.com](http://www.mlcapman.com).

### **Other investment restrictions**

In addition to those restrictions and limits, and in accordance with the requirements of the Listing Rules, the Company:

- (a) will not invest more than 10% in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed in the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15% of their gross assets in other investment companies or investment trusts which are listed on the Official List);
- (b) will not conduct any trading activity which is significant in the context of the Company's activities as a whole (as defined by the Listing Rules); and
- (c) will at all times invest and manage its assets:
  - I. in a way which is consistent with its object of spreading investment risk; and
  - II. in accordance with its published investment policy.

In order to maintain its tax treatment as an investment trust, the Company aims to comply with section 1158 of the Tax Act, which imposes on the Company an obligation to spread investment risk.

### **Collateral and asset reuse arrangements**

The Company currently has collateralised leverage and therefore has granted right of reuse of collateral, rehypothecation rights and has granted guarantees under leveraging arrangements.

Details of the introduction of (and of any changes to) any right of reuse of collateral or any guarantee granted under any leveraging arrangement will be disclosed by the Company to investors on the Company's website without undue delay.

### **Miscellaneous**

The Company may affect transactions in investments, the prices of which may be subject to stabilisation.

The Company may underwrite or sub-underwrite any issue or offer for sale of securities. Subject to compliance with its investment policy, there are no restrictions on the categories of securities which the Company may underwrite and no financial limits on the extent of the underwriting.

The Company may also invest in funds which are unregulated collective investment schemes.

# RISK MANAGEMENT

## Principal Risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

Details of the Principal Risks in relation to the Company are included in the Company's annual Reports and Accounts and the Company's latest prospectus which are available on its website.

An investment in the Company is only suitable for investors who are capable of evaluating the risks and merits of such an investment, or other investors who have been professionally advised with regard to investment and who have sufficient resources to bear any loss which might result from such an investment. There can be no guarantee that investors will recover their initial investment. The investment may employ gearing and may be subject to sudden and large falls in value. Investors should be aware that movements in the price of the Company may be more volatile than movements in the price of the underlying investments and that there is a risk that investors may lose all their invested money.

### Risk of Investing in the shares of the Company

**The key risks associated with the investment techniques employed in relation to the Company and the Company's use of leverage are set out in this section below.**

**These are not the only risks relating to an investment in the Company and its shares and potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company's shares.** Past performance is not a guide to future performance.

<b>General</b>	There is no guarantee that the investment techniques employed by the Company will achieve their intended objectives or that the wider investment objective of the Company will be achieved. There can be no guarantee that any appreciation in value of the Company's investments will occur and shareholders may not receive back the full value of their investment.
<b>Active</b>	The portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index. The Company's shares may, therefore, fail to follow either the direction or the extent of general moves in the financial markets, which may or may not be to the advantage of investors.
<b>Concentration risk</b>	The Company's portfolio is focused on growth stocks. There can be no guarantee that the Company's portfolio will continue to be able to generate positive total returns which may affect the price and liquidity in the Ordinary Shares
<b>General economic and other factors</b>	Changes in economic conditions, political events and other factors can substantially and adversely affect the value of investments. Overseas investment (in particular, investment in emerging markets) may involve a higher than average risk; for example, where there is volatility of currency exchange rates, political and economic instability or illiquid markets.
<b>Size of the Company</b>	The market capitalisation of the Company will make the market of the Ordinary Shares less liquid than would be the case for a larger company.
<b>Market price risk</b>	The fair value of equity and other financial securities held in the Company's portfolio fluctuates with changes in market prices.
<b>Leverage (general)</b>	The use of leverage by the Company may result in an increase in the volatility of the net asset value per share.
<b>Leverage (borrowing)</b>	The use of borrowings can enhance the total return on the shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, but it will have the opposite effect where the underlying return is falling, further reducing the total return on the shares. An inability to

refinance any borrowings on their maturity may materially adversely affect the Company's ability to carry out its investment strategy and achieve its investment objective. Furthermore, should any fall in the underlying assets' values result in the Company breaching the financial covenants applicable to borrowings, the Company may be required to repay such borrowing in whole or in part together with any attendant costs. In order to repay such borrowings, the Company may have to sell assets at less than their quoted market values. A positive Net Asset Value for the Ordinary Shares will be dependent upon the Company's assets being sufficient to meet any debt. On a winding-up of the Company, the Ordinary Shares rank for repayment of capital after repayment of all other creditors of the Company. Ordinary Shares are only appropriate for investors who understand that they may receive an amount less than their original investment.

**Leverage (derivatives)**

Investment in derivative transactions may result in losses in excess of the amount invested.

**Dividends**

The ability of the Company to pay dividends will largely depend on the amount of income which the Company receives on its investments and the timing of such receipt.

**Credit or counterparty risk**

Credit or counterparty risk is the risk that an issuer or counterparty fails to meet its obligations to the Company. The Company is exposed to credit risk in relation to its financial assets, which include investments, bank balances, cash and other receivables.

**Custody risk**

The insolvency of an entity which acts as custodian of the Company's assets could adversely affect, or delay or limit the exercise of, the Company's rights in respect of those assets.

**Currency risk**

The Company's functional and reporting currency is Sterling but the Company's portfolio is primarily exposed to currencies other than Sterling, principally US dollars and Hong Kong dollars. The Company has exposure to foreign exchange rate risk which may result in volatility in the NAV per Share.

**Cessation of investment trust status**

The Company aims to conduct its business so as to continue to satisfy the conditions for approval as an investment trust under the Tax Act. In respect of each accounting period for which approval is granted, the Company will be exempt from United Kingdom taxation on its capital gains. Breach of the tests that a company must meet to obtain approval as an investment trust could lead to the Company being subject to tax on capital gains. Manchester & London is listed on the London Stock Exchange. If the stock was delisted it would not qualify as an investment trust.

Manchester & London can buy back its own shares. The risks from leverage referred to above, are increased when a Company buys back its shares.

**Tax and accounting**

Changes in taxation legislation or accounting practice could affect the value of the investments held by the Company. Any change in the Company's tax status, or in legislation, could affect the value of the investments held by the Company and its performance. Investment in the Company should be regarded as long-term in nature. Manchester & London charges 0% of the investment management fee and 100% of borrowing costs to capital which reduces the capital value. Also, when income is low, the remaining expenses may be greater than the total income received, meaning the capital value would be further reduced. You should note that tax rates and reliefs may change at any time and their value depends on circumstances. The favourable tax treatment of ISAs may change.

**Regulation**

Changes in law and regulation could adversely affect the Company's ability to carry out its investment strategy or to achieve its investment objective.

**The COVID-19 Pandemic**

The COVID-19 Pandemic and the measures taken to control the outbreak led to volatility and a substantial decline in stock markets and other financial markets around the world, and a downturn in the global economy. The future development and the long-term impacts of the outbreak are unknown and it remains to be seen how and when the global economy and financial markets will recover from the impact of the pandemic and what effect any secondary outbreaks may have on the global economy and financial markets. There can be no guarantee that the COVID-19 Pandemic will not have a material adverse impact on the future investment returns of the Company and the price of the Ordinary Shares.

**A detailed description of the risks the Fund faces can be found in the latest Prospectus which can be found here: <https://mlcapman.com/wp-content/uploads/2020/11/Prospectus-BOOK-PROOF-19.11.20.pdf>.**

### **The key risks of the investment holdings the Company may hold/invest in include:**

- the investee company may be undergoing significant change, or be exposed to the volatility of emerging or developing markets;
- investee companies may have less mature businesses, a more restricted depth of management and accordingly a higher risk profile;
- the quality of the investments' management may have been overestimated;
- the market value of, and income derived from, such shares can fluctuate;
- there may not be a liquid market for such shares;
- the fact that a share is traded on a market does not guarantee its liquidity. Accordingly, such shares may be difficult to realise at quoted market prices; and
- any change in the tax treatment of dividends paid, or income received by the Company, may reduce the level of yield received by shareholders.

### **Risk Profile**

The AIFM monitors, on an ongoing basis, the sensitivity of the Company's investment portfolio to the most relevant risks to which it is or may be exposed. As the Company invests primarily in equities, its principal risks are market related and include counterparty and market risks (such as currency, interest rate and other price risks).

The AIFM will periodically disclose the current risk profile of the Company to investors. The Company will make this disclosure on its website at the same time as it makes its annual report and accounts available to investors or more frequently at its discretion.

### **Management of Portfolio Risk**

A number of methodologies are adopted to manage risk such as:

1. The Company's investments are not limited to any one industry sector and its current investment portfolio is spread across multiple sectors.
2. The Company has no specific criteria regarding market capitalisation or credit ratings in respect of investee companies.
3. The Company intends to invest the portfolio across approximately 20 to 100 securities.
4. No single holding will represent more than 20% of gross assets at the time of investment. In addition, the Company's five largest holdings (by value) will not exceed (at the time of investment) more than 75% of gross assets.
5. During periods in which changes in economic conditions or other factors so warrant, the Manager may reduce the Company's exposure to one or more asset classes and increase the Company's position in cash and/or money market instruments.
6. The Company may hedge its positions using derivatives to reduce delta adjusted exposures to positions.

### **Risk management systems and metrics**

The AIFM employs various risk management systems and processes to manage the risks to which the Company is or may be exposed. These include the production of regular risk analyses of the Company's investment portfolios and regular stress testing against relevant scenarios.

Stress testing scenarios derived from Bloomberg Analytics include both historical events (such as a replay of the Lehman Default in 2008 or the Brexit Referendum result in 2016) and hypothetical events such as a fall in equity markets, increase in volatility or a movement in key exchange rates. The AIFM makes use of quantitative risk metrics and measures, which may then be benchmarked against internal limits, typical historical ranges and other relevant comparators. Such quantitative measures include (but are not limited to): Delta Adjusted Exposure, Parametric Value at Risk, Monte Carlo Simulation Value at Risk, Historical

Simulation Value at Risk (VaR measures are calculated at 95%, 97.5% and 99% confidence levels), FX exposure, Portfolio Beta, Portfolio Gamma, Net Long Exposure/Net Assets ratio, Active Share, Portfolio Historic Volatility, Portfolio Modelled Volatility (and the key drivers of modelled volatility). The AIFM also looks at various correlation measures both between assets within the portfolio and versus assets/indices outside the portfolio.

The AIFM undertakes a daily portfolio attribution analysis, which looks at the drivers of portfolio performance to identify stocks that may be underperforming. In addition to investment related risks, the AIFM also undertakes analysis, assessment and monitoring of operational risks including (but not limited to): trade and trade booking errors, fraud, Net Asset Value generation errors, counterparty risk, mandate/regulatory breaches, IT/cyber breaches, failure of outsourced service providers and settlement errors.

The cyber security of third-party service providers is a key risk that is monitored on an ongoing basis. The safe custody of the Company's assets may be compromised through control failures by the Depositary or Custodian, including cyber security incidents. To mitigate this risk, the AIFM receives monthly reports from the Depositary confirming safe custody of the Company's assets held by the Custodian.

The AIFM will periodically disclose to investors the risk management systems which it employs to manage the risks which are most relevant to it. The Company will make this disclosure on its website at the same time as it makes its annual report and accounts available to investors or more frequently at its discretion.

Risk Management processes and procedures as described briefly above and laid out in full in the AIFM's AIFMD Risk Management Policy are overseen by the AIFM's Risk Management Committee which meets on a monthly basis. Key risk indicators ("KRIs") on operational risks are reported to the Senior Management Committee on a monthly basis. Risk Management systems and controls are updated at least on an annual basis.

### **Liquidity risk management**

Liquidity risk is the risk that the Company could encounter difficulty in meeting its obligations associated with financial liabilities, due to an inability to realise assets when needed.

The AIFM has a liquidity management policy which is intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to the Company's obligations. This involves an assessment by the AIFM of the prices at which it expects to be able to liquidate the assets, taking into account the sensitivity of those assets to particular market risks and other relevant factors.

The policy requires the AIFM to identify and monitor investment in asset classes which are considered to be relatively illiquid. However, the majority of the Company's investment portfolio comprises quoted equities, which are readily realisable. Liquidity is not therefore considered to be a significant risk for the Company. The liquidity of the equity portfolio is reviewed regularly and subjected to regular stress tests to verify that liquidity risk remains low. The AIFM's regular analysis calculates the percentage of the portfolio that could be liquidated within various timeframes, the overall time to liquidate the portfolio and the price impact of liquidating the portfolio. This analysis is stress tested using various alternative assumptions with regards to percentage of average daily volume that the AIFM would be able to capture.

The company is a closed end fund so shares in the Company are not redeemable (as referred to in Fund 3.2.2R (8)) and shareholders do not have the right to require their shares to be purchased by the Company. Accordingly, the focus of the AIFM's liquidity management policy is to ensure that the Company's investment portfolio is sufficiently liquid to meet its operating and financing expenses and the possible need to repay borrowings, to the extent that these obligations might have to be met by the sale of assets. The AIFM also considers Prime Broker margin requirements and potential obligations relating to the sale of options within their liquidity analysis. The AIFM reviews its liquidity management policy quarterly and will notify investors, by way of a disclosure on the Company's website, where it makes any material changes to its liquidity management systems and procedures or introduces any new arrangements for managing the Company's liquidity.

The Company does not currently hold any assets which are subject to special arrangements arising from their illiquid nature. The Company would disclose the percentage of its assets subject to such arrangements, if applicable, on its website at the same time as it makes its annual report and accounts available to investors or more frequently at its discretion.

**Professional negligence liability risks**

The AIFM maintains additional own funds at a level adequate for its risk profile to cover professional negligence liability risks as required by the AIFMD Rules.

## **DETAILS OF THE SHARES**

### **Details of the shares**

The Company's share capital comprises a single class of ordinary shares.

The ISIN number for the Company's shares is GB0002258472. The shares are issued through CREST.

### **Purchases and sales of shares by investors**

The Company's shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange through a broker or financial adviser.

The Company's shares are not redeemable. While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.

## **VALUATION OF THE COMPANY'S ASSETS**

### **Responsibility**

The AIFM has overall responsibility and oversight on how the AIFs assets are priced and valued. The AIFM has appointed the Administrator (Link Asset Services) to assist in the valuation and administration of the Company.

In addition, the AIFM consults with the Board of the AIF in determining the various methodologies and procedures applied when pricing and valuing the securities of the AIF.

If the market price for securities which are listed or traded on the relevant Recognised Market are not available at the relevant time or are unrepresentative, such securities shall be valued at the probable realisation value estimated with care and in good faith by the AIFM or a competent person (appointed by the AIFM). Thus an estimate provided by an entity appointed by the AIFM may be accepted and investors should be aware that in these circumstances a possible conflict of interest may arise as the higher the estimated probable realisation value of the security, the higher the fees payable to the AIFM.

### **Valuation Committee**

The AIFM's valuation policy sets out its approach to the valuation of the Company's portfolio of assets. Oversight of the policy, and determination of the valuation of assets (other than the Company's subsidiaries) which are unlisted or for which published prices are not available, is the responsibility of the AIFM's Valuation Committee, which operates independently of the AIFM's portfolio management function.

The Valuation Committee meets at least on a monthly basis and reports to the Board of the AIF on all issues with Valuation of the AIF.

### **Valuation policy**

The valuation policy has been prepared to clarify the methodology used in valuing all of the securities that constitute the portfolio of the AIF and explains the generic methodology or protocol used for valuing different types of securities, valuation methodologies and procedures for each security that is part of the portfolio of the AIF. The value of those securities are an integral part of the Net Asset Value ("**NAV**") and NAV per Share calculation. The Net Asset Value of each Portfolio and the Net Asset Value per Share in each Portfolio is calculated by the Administrator to the nearest two decimal places in the Base Currency of the relevant Portfolio as of the Valuation Point in accordance with the valuation provisions as specified herein

The vast majority of the portfolio consists of quoted equities, whose prices are published by independent sources.

### **Securities which are listed/traded on Recognised Markets**

In determining the value of the assets, securities, including debt and equity securities, which are quoted, listed or traded on or under the rules of any Recognised Market may be valued at the last traded price published by the Recognised Market as at each Valuation Point. If the security is normally quoted, listed or traded on or under the rules of more than one Recognised Market, the relevant Recognised Market shall be that which the AIFM, or the Administrator as its delegate, determines provides the fairest criterion of value for the security.

### **Securities which are listed/traded on a Recognised Market where the price is unrepresentative or not available**

If the market price for securities which are listed or traded on the relevant Recognised Market are not available at the relevant time or are unrepresentative, such securities shall be valued at the probable realisation value estimated with care and in good faith by the AIFM or a competent person (appointed by the AIFM and approved for purpose by the Depositary) or any other means provided that the value is approved by the Depositary. Neither the Directors nor the Administrator, the AIFM, or the Depositary will be under any liability if a price reasonably believed by them to be the latest available price may be found not to be such.

### **Securities listed/traded on a Recognised Market, but acquired at a premium or at a discount outside or off the relevant Recognised Market.**

Securities listed or traded on a Recognised Market but acquired or traded at a premium or at a discount outside or off the Recognised Market may be valued taking into account the level of premium or discount at the date of valuation.

### **Derivative Instruments**

Derivative instruments, including exchange traded futures, options contracts, swaps, interest rate futures contracts and other financial futures contracts which are traded on a Recognised Market shall be valued based on the settlement price as determined by the relevant Recognised Market as at the Valuation Point where the derivative instrument is traded, provided that where the settlement price is not available for any reason, such instruments shall be valued at the probable realisation value estimated with care and in good faith by the AIFM or a competent person (appointed by the AIFM and approved for purpose by the Depositary).

### **Securities which are not normally quoted, listed or traded on a Recognised Market**

The value of any instrument, including debt and equity securities and over-the-counter derivatives, which is not normally listed or traded on or under the rules of a Recognised Market shall be valued at the probable realisation value estimated with care and in good faith by the AIFM or a competent person (appointed by the AIFM and approved for purpose by the Depositary).

On occasions where assets are not listed but are regularly marked-to-market by a counterparty to the trade (such as over-the-counter options traded with a Prime Broker) then the counterparty valuations are typically used. The AIFM will always look to minimise occasions where valuations are estimated internally.

### **Shares of Collective Investment Schemes**

Investment funds shall be valued at the latest available net asset value per unit as published by the investment fund.

### **Cash and Cash Equivalents**

Cash comprises cash in hand, overdrafts and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

### **Valuation Hierarchy**

The AIFM uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 – valued using quoted prices unadjusted in an active market.
- Level 2 – valued by reference to valuation techniques using observable inputs for the asset or liability other than quoted prices included in Level 1.
- Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data for the asset or liability. All of the Company's assets are currently classified as Level 1 or Level 2.

### **NAV Calculation**

NAV calculation is undertaken by Link Asset Services ("Link") and NAVs are produced in accordance with AIC recommended practice and in accordance with the AIFM's valuation policies.

Prices for securities which are listed or exchange traded are provided by Link. These are sourced via an independent data provider and scrubbed against multiple corroborating data sources.

In addition to price scrubbing, Link employs extensive NAV verification procedures, including (but not limited to): Reconciliation of trades, cash and positions (ensuring that the systems operated by the AIFM, Link and the Custodian/Brokers are in agreement), reconciliation and monitoring of dividends, reconciliation and monitoring of payments and transfers and monitoring of corporate actions. Link also implements a four-

eyes review policy for every calculated NAV.

Frequency of the NAV calculation is weekly and the NAV is announced to the London Stock Exchange via the Regulatory News Service.

### **AIFM Reconciliation and Oversight**

The AIFM also undertakes extensive reconciliation procedures, including (but not limited to): verification of prices, reconciliation between the AIFM's Portfolio Management System and Custodian/ Prime Broker trade, cash and position files, reconciliation and monitoring of dividends, reconciliation and monitoring of taxes (including withholding taxes), reconciliation and monitoring of expenses, reconciliation and monitoring of commissions, reconciliation and monitoring of payments and transfers and monitoring of corporate actions.

NAVs produced by Link are reviewed by the AIFM prior to release and reconciled against the AIFM's own systems and prices feeds (Bloomberg). Once the NAV has been approved by the AIFM it is released to the market by Link.

The Valuation Committee regularly reviews the systems and procedures of the Administrator to ensure that they are fit and able to perform their contractual responsibilities for ensuring that all of the securities are priced and valued for each NAV calculation, in accordance with the provisions of the Valuation Policy.

### **Dispute Resolution**

Should investment pricing differences arise, both Link and the AIFM will provide their pricing analysis of the AIF's investments together with their pricing sources used and will compare and contrast their analyses, discuss, agree and reconcile any material differences with each other.

In the event that a price for a security cannot be agreed between the AIFM and Link, the parties will refer the matter to the Depositary (Board if Depositary not yet appointed) of the AIF. The Depositary/Board will then have the authority, based on information available, to determine the price to be applied to a security.

It should be noted that the Depositary/Board, in deciding the final price, will have recourse to any third party, including the Auditors, if the Depositary/Board deem such advice to be appropriate and/or necessary to resolve the problem.

The Board will provide appropriate back-up documentation to the third party in the form of a full written explanation to enable an opinion to be given.

### **Fair Value**

The Valuation Policy specifies how the AIF's securities will be priced. It should, however, be noted that financial reporting requirements oblige a Board to ensure that the audited financial statements of the AIF are prepared such that all securities are measured at 'Fair Value'.

Details of the bases of valuation of the Company's assets and its accounting for investments are included in the Company's annual Reports and Accounts which are available on its website.

Quoted equities, forming the vast majority of the Company's investment portfolio, are valued daily. The valuation intervals of other assets vary according to their nature but all assets are re-valued at least annually.

## SHAREHOLDER INFORMATION

### Legal status and jurisdiction of the Company and listing on the London Stock Exchange

The Company is a public company limited by shares under the Companies Act with registered number 01009550. It is incorporated in England and Wales and has its registered office at 12a Princes Gate Mews, London, SW7 2PS. The law applicable to the Company is the jurisdiction of its domicile.

The Company's shares are listed and traded on the London Stock Exchange. Investors who wish to buy or sell shares in the Company should refer to their broker or other financial adviser.

There is no contractual relationship between the Company and its shareholders who acquire their shares in the secondary market. While investors acquire an interest in the Company on subscribing for or purchasing shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently shareholders have no direct legal or beneficial interest in those investments and the liability of shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them.

### Articles of association

The Company's articles of association set out the respective rights and restrictions attaching to the Company's shares and are binding on the Company and its shareholders. All shareholders are entitled to the benefit of, and are bound by, the Company's articles of association. The Company's articles of association are governed by English & Wales law. The Company is under the jurisdiction of the English courts.

### Reports to shareholders & performance data

The Company is required by law to publish an annual report and audited financial accounts. Copies of the annual report and accounts are made available to shareholders. Shareholders are also entitled to attend the Company's annual general meeting ("AGM") which is held each year. Details of the AGM timetable are published on the Company's website. The Company also publishes an unaudited interim report covering the first six months of each financial year of the Company.

Copies of the Company's latest annual and interim reports may be accessed at:

[www.mlcapman.com/manchester-london-investment-trust-plc](http://www.mlcapman.com/manchester-london-investment-trust-plc).

Historic performance data can be found in both the Company's annual report and accounts and the monthly factsheets which can be found on the Company's website.

Investors should note that past performance is not necessarily indicative of future performance. Investors may not get back the amount invested.

### Publication of net asset values

The net asset value of a share is calculated in accordance with the Company's accounting policies and published weekly through a Regulatory Information Service of the London Stock Exchange. The calculation of the net asset value of a share will be suspended only in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

### Fair treatment of investors

The legal and regulatory regime to which the AIFM, the Company and their Directors are subject ensures the fair treatment of investors.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Company is also listed on the London Stock Exchange and hence follows the rules of the exchange and other regulatory bodies such as the Takeover Panel.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the AIFM does not give preferential treatment to any investors.

**Information required under FUND 3.2.5R & 3.2.6R**

The Annual Report & Accounts will disclose:

1. The percentage, if any, of the Company's assets which are subject to special arrangements due to their illiquid nature;
2. Any new arrangements for managing the liquidity of the Company; and
3. The current risk profile of the Company (SRI score also shown on the Factsheets) and the risk management systems employed by the AIFM to manage those risks.

Information will also be provided to investors regarding any changes to:

1. The maximum level of leverage that the Company may employ;
2. Any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and
3. The total amount of leverage employed by the Company.

This information will be provided to investors by way of update to this document or in such other manner the AIFM or Company deem appropriate.

## PRINCIPAL SERVICE PROVIDERS & DELEGATES

The Company is reliant on its third party service providers with who it has contractual arrangements.

Shareholders do not have contractual rights directly with service providers.

### Depository

The Depository is INDOS Financial Limited. The Depository is incorporated in England and Wales as a limited company. The Depository's registered and head office is at The Scalpel 18th Floor 52 Lime Street London EC3M 7AF.

The Depository is authorised and regulated by the Financial Conduct Authority.

The Depository has the following principal duties and responsibilities as depository of the Company:

- ensuring the safekeeping of those of the Company's financial instruments that can be held in custody;
- verifying the Company's rights of ownership in its other assets and maintaining a record of those other assets for which the Depository is satisfied that the Company's rights of ownership are established;
- ensuring that cash flows are properly monitored; and
- oversight of processes and procedures.

The Depository has delegated custody services to the Prime Brokers. No conflicts of interest are expected to arise from such delegation.

In carrying out its role as the depository of the Company, the Depository is obliged to act honestly, fairly, professionally, independently and in the interest of the Company and the Company's investors.

The Depository provides its services under the terms of a depository agreement (the "**Depository Agreement**"). Either party may terminate the Depository Agreement on 3 months' notice, such termination to be effective on the appointment of a new depository.

Unless the Depository has entered into an arrangement contractually to discharge itself of liability in respect of the loss of financial instruments then if there is a loss of the Company's financial instruments, the Depository is obliged to return identical financial instruments or the corresponding amount to the Company without undue delay unless the Depository can prove that the loss has arisen as a result of an external event beyond control, the consequences of which would have been unavoidable despite all reasonable events to the contrary.

**The Depository has entered into an arrangement with the Prime Brokers to contractually discharge itself of liability in respect of the loss of financial instruments.** Under such circumstances of loss it would then fall to the Company AIF to seek redress from the Prime Brokers (acting as Sub-Custodians). The AIFM will notify shareholders through a Regulatory Information Service of any changes with respect to the discharge by the Depository of its liability in respect of such loss.

The Depository is otherwise liable to the Company for other losses suffered by it as a result of the Depository's fraud, negligence or wilful default in the performance of its duties.

The Depository is independent from the AIFM and the Company's Administrator, and has the requisite FCA authorisation to act as depository of the Company.

### Sub-Custodians/Prime Brokers

The assets of the AIF are held by the Firm's prime brokers, who are leading financial institutions and service providers. This ensures that MLCM obtains industry competitive terms in relation to the Firm's trading and brokerage arrangements.

All Prime Brokers are vetted and approved against a set of requirements covering such things as: best execution, counterparty risk, financial position, legal documents, systems, controls, margin policy, commission rates, compliance, reputation and reliability.

Prime Brokers are reviewed on an annual basis. The financial position of the AIF's Prime Brokers are regularly monitored.

**The AIF's Prime Brokers and corresponding credit ratings (which, as detailed just above, are not the sole considerations when undertaking due diligence on the Prime Brokers) are currently:**

- JP Morgan Securities Plc - Moody's counterparty risk assessment rating Aa1(cr)/ P-1(cr)
- Morgan Stanley & Co. International Plc - Moody's counterparty risk assessment rating Aa2(cr)/ P-1 (cr)

The agreements with the Prime Brokers allow the right to re-use and transfer collateral and grant guarantees. Rehypothecation of collateral is limited to 140% of the AIF's Indebtedness/Liability to the Prime Broker.

As noted above, **the Depositary has entered into an arrangement with the Prime Brokers to contractually to discharge itself of liability in respect of the loss of financial instruments.** Under such circumstances of loss it would then fall to the Company AIF to seek redress from the Prime Brokers (acting as Sub-Custodians). The AIFM will notify shareholders through a Regulatory Information Service of any changes with respect to the discharge by the Depositary of its liability in respect of such loss.

#### **Auditor**

The Company's auditor is Deloitte LLP of Saltire Court, 20 Castle Terrace, Edinburgh EH1 2DB.

The auditor's duty is to audit the financial statements for each financial year of the Company in accordance with the requirements of United Kingdom law.

The amounts paid to the auditor in respect of each financial year of the Company are disclosed in the Company's annual report and accounts, which are available on the Company's website.

#### **Link Asset Services**

The AIFM has delegated various administrative functions in relation to the Company to Link Asset Services ("**Link**"): namely, company secretarial and fund administration and accounting duties. Under the terms of the services agreement with Link, Link is obliged to provide its services in a manner that is consistent with agreed service levels and industry best practice and that complies with applicable law and regulation.

#### **Registrar**

The Company has appointed Link Market Services Ltd to act as the registrar of the Company.

#### **AIFM**

M&L Capital Management Limited is appointed as the AIFM under a management agreement under the laws of England & Wales. It should be noted that both the AIFM and the AIF are incorporated in England.

The Manager is entitled to a base management fee, levied on the assets under management. In addition to a Risk Management and Valuation Fee equating to £59,000. Further details can be found in the Company's latest annual report that may be accessed at [www.mlcapman.com/manchester-london-investment-trust-plc](http://www.mlcapman.com/manchester-london-investment-trust-plc). The relevant extract is shown below:

The Management Fee payable to the Manager is equal to 0.5% per annum of the Company's NAV (the "Base Fee"), calculated as at the last business day of each calendar month (the "Calculation Date"), and is paid monthly in arrears. An uplift of 0.25% of the NAV will be applied to the fee, should the performance of the Company over the 36-month period to the Calculation Date be above that of the Company's benchmark. In addition, a Risk Management and Valuation fee equating to £59,000 on an annualised basis is charged by the AIFM. The Manager is also reimbursed any expenses incurred by it on behalf of the Company.

The fee is not subject to Value Added Tax ("VAT"). Transactions with the Manager during the year are disclosed in note 17.

The management fee is chargeable to revenue.

The Manager may request brokers to undertake investment transactions on behalf of the fund for which they will be paid execution only commission rates. Any research received from such brokers will be paid for in full by the Manager under a separate agreement.

An investor in the AIF has no contractual rights with either the AIF or the AIFM. The AIF is the legal beneficiary/owner of its investment not any investor.

**Delegation of functions by the AIFM**

The AIFM has not delegated any of its functions although it is assisted in the execution of its functions by a number of external service providers.

## FEES, CHARGES & EXPENSES

The Company is liable for any and all expenses and liabilities which it incurs or suffers, without limitation. As the Company is a limited liability company incorporated under the Companies Act, shareholders are not liable directly for the debts of the Company and their indirect liability for the debts of the Company is limited to the value of their respective investments in the Company. As all shares in the Company are issued fully paid up, shareholders would not be obliged to make any further contribution to the assets of the Company in the event of the Company's insolvency.

The fees, charges and expenses of the Company include the following:

- the fees, charges and expenses payable to the AIFM (as noted in the section above), the Depositary, and other providers of services direct to the Company;
- audit fees and expenses of the Company's auditor;
- the registrar's fees, costs and expenses;
- interest on and other charges relating to borrowings;
- investor relations costs, including the costs of holding shareholder meetings, printing and distributing the Company's annual and interim reports and issuing other shareholder communications;
- insurance costs;
- share of research fees charged to the AIFM as long as within the annual budget set by the Board;
- costs associated with the listing of the Company's shares on the Official List and their admission to trading on the main market of the London Stock Exchange; and
- taxation and other duties payable by the Company.

The Ongoing Charges of the Company are disclosed in the Annual Report & Accounts found at our website an extract of which is shown below:

<b>Ongoing Charges</b>	<b>Year to 31 July 2021</b>	<b>Year to 31 July 2020</b>
Ongoing charges as a percentage of average net assets*†	<b>0.78%</b>	0.77%

\* Based on total expenses, excluding finance costs and certain non-recurring items for the year and average monthly NAV.

† Alternative performance measure. Details provided in the Glossary on pages 83 and 84.

## KEY CURRENT DATA

Please note that our latest Fund Factsheet can be found on our website at [www.mlcapman.com](http://www.mlcapman.com). The factsheet contains a whole range of useful data.

### Leverage

The current leverage levels:

**Leverage - Gross basis:** See Factsheet at:  
[www.mlcapman.com/manchester-london-investment-trust-plc/](http://www.mlcapman.com/manchester-london-investment-trust-plc/)

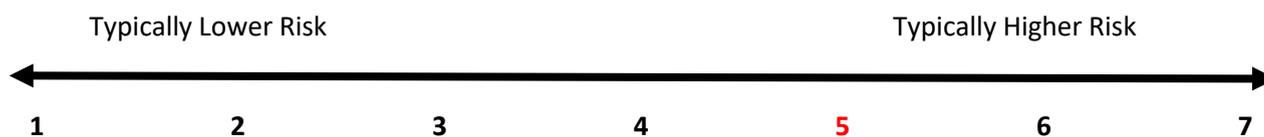
**Leverage - Commitment basis:** See Factsheet at:  
[www.mlcapman.com/manchester-london-investment-trust-plc/](http://www.mlcapman.com/manchester-london-investment-trust-plc/)

### Liquidity

The fund currently holds no assets that are subject to special arrangements arising from their illiquid nature.

### Risk

#### PRIIPS Summary Risk Indicator ('SRI')



The Fund is categorised as a 5 on the SRI scale, which is a “medium-high” risk class. This is calculated on past performance data using the prescribed PRIIPS methodology and actual risk may vary significantly. For further information on SRI - including key risk disclaimers - please read the Fund Key Information Document available at [www.mlcapman.com](http://www.mlcapman.com).

### Collateral

The agreements with the Prime Brokers allow the right to re-use collateral and grant guarantees.

Rehypothecation of collateral is limited to 140% of the AIF's Indebtedness/Liability to the Prime Broker.

### Depository

The depository has discharged its liability for loss of assets to the Sub-custodians/ Prime Brokers.

## DEFINITIONS

<b>“AIFM”</b>	M&L Capital Management Ltd
<b>“AIFM Directive”</b>	The Directive of the European Parliament and of the Council on Alternative Investment Fund Managers (2011/61/EU) and the rules and regulations implementing that Directive
<b>“MLIT”</b>	The Company and its subsidiary undertakings from time to time
<b>“Board” or “Directors”</b>	The board of directors of the Company or the AIFM (as the context requires)
<b>“Companies Act”</b>	The Companies Act 2006 (as amended)
<b>“Company”, “we” or “us”</b>	Manchester & London Investment Trust PLC
<b>“Depositary”</b>	INDOS Financial Limited, the depositary of the Company
<b>“FCA”</b>	The United Kingdom Financial Conduct Authority
<b>“FCA Rules”</b>	The Handbook of Rules and Guidance issued by the FCA from time to time
<b>“Listing Rules”</b>	The listing rules made by the FCA under Part VI of the Financial Services and Markets Act 2000 (as amended), as amended from time to time
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“net asset value per share”</b>	The prevailing net asset value per share from time to time, calculated in accordance with the Company’s normal accounting policies
<b>“Official List”</b>	The official list of the UK Listing Authority
<b>“Regulatory Information Service”</b>	A regulatory information service that is on the list of regulatory information services maintained by the FCA
<b>“shareholders”</b>	Holders of shares in the Company
<b>“shares”</b>	In relation to shares in the Company, ordinary shares of 2.5p each in the Company
<b>“Tax Act”</b>	The Corporation Tax Act 2010
<b>“UK Listing Authority” or “UKLA”</b>	The FCA, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended)

## GLOSSARY

<b>“Collatarised leverage”</b>	Any loan obligation usually backed by middle market or leveraged bank loans
<b>“Investment company subsidiary”</b>	Any subsidiary company of an Investment Company used for the purpose of making investments on behalf of that Investment Company
<b>“Price scrubbing”</b>	The process of validating a security price using several vendors
<b>“Recognised market”</b>	Any market of a recognised investment exchange designated as a recognised stock exchange by an order made by the Commissioner for HM Revenue and Customs and any market outside the UK designated in such an order
<b>“Rehypothecation rights”</b>	The practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by their clients
<b>“Stabilisation”</b>	Any purchase or offer to purchase relevant securities, or any transaction in stabilisation instruments equivalent thereto, by investment firms or credit institutions, which is undertaken in the context of a significant distribution of such relevant securities exclusively for supporting the market price of these relevant securities for a predetermined period of time, due to a selling pressure in such securities
<b>“Delta”</b>	Delta measures the degree to which an option is exposed to shifts in the price of the underlying asset (i.e. stock) or commodity (i.e. futures contract). Values range from 1.0 to -1.0 (or 100 to -100, depending on the convention employed)
<b>“Delta Adjusted Exposure”</b>	Delta times the underlying security’s notional exposure for options. For all other instruments, the notional exposure of the security. At the sector and portfolio levels, this is the sum of the individual security delta adjusted exposures
<b>“Value at Risk”</b>	Value at risk (VaR) is a statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific timeframe
<b>“Parametric Value at Risk”</b>	VaR calculation method using Normally distributed returns. Returns are assumed to be serially independent in that no prior return should influence the current return
<b>“Monte Carlo Simulation Value at Risk”</b>	VaR calculation method using computer generated model for returns
<b>“Historical Simulation Value at Risk”</b>	VaR calculation method using past historical returns
<b>“Beta”</b>	In finance, the Beta of an investment indicates whether the investment is more or less volatile than the market as a whole. In general, a beta less than 1 indicates that the investment is less volatile than the market, while a beta more than 1 indicates that the investment is more volatile than the market. Volatility is measured as the fluctuation of the price around the mean: the standard deviation
<b>“Gamma”</b>	Gamma is the rate of change in an option's delta given a move in the underlying asset's price. Gamma is an important measure of the convexity of a derivative's value, in relation to the underlying asset.

<b>“Net Long Exposure/Net Assets ratio”</b>	Portfolio Delta Adjusted Exposure / Net Asset Value
<b>“Active Share”</b>	Active share, a measure of how actively a portfolio is managed, is the percentage of the portfolio that differs from its comparative index. It is calculated by summing the absolute differences between benchmark and portfolio holdings’ weights, then dividing by two (to eliminate double counting). An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index (when using leverage, maximum active share levels can exceed 100%)
<b>“Portfolio Historic Volatility”</b>	A measure of portfolio volatility using the standard deviations of historically calculated Portfolio returns.
<b>“Portfolio Modelled Volatility”</b>	A measure of portfolio volatility using underlying standard deviations for each current security in the portfolio as well as the correlations of each security pair in the portfolio.