

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENT ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take or the contents of this document, you are recommended to seek your own financial advice immediately from an independent financial adviser who specialises in advising on shares or other securities and who is authorised under FSMA or, if you are not resident in the UK, from another appropriately authorised independent financial adviser in your own jurisdiction.**

This document comprises the Prospectus relating to the Company in connection with the issue of New Shares in the Company pursuant to a scheme of reconstruction of abrdn Smaller Companies Income Trust plc under section 110 of the Insolvency Act 1986. It has been prepared in accordance with the UK Prospectus Regulation and the Prospectus Regulation Rules made under section 73A of FSMA and made available to the public for the purposes of section 85 of FSMA.

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

**Shareholders of ASCI are recommended to seek advice from their stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under FSMA if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom, before investing in the Company. Shareholders of ASCI should also consider the risk factors relating to the Company set out on pages 12 to 18 of this Prospectus.**

The Company, whose registered office appears on page 30 of this Prospectus, and the Directors, whose names appear on page 30 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

---

## **SHIRES INCOME PLC**

*(Incorporated in England and Wales with registered number 00386561 and registered as an investment company under section 833 of the Companies Act 2006)*

**Prospectus relating to the Issue of New Shares pursuant to  
a scheme of reconstruction of abrdn Smaller Companies Income Trust plc  
under section 110 of the Insolvency Act 1986**

**Sponsor & Financial Adviser  
J.P Morgan Cazenove**

**Alternative Investment Fund Manager  
abrdn Fund Managers Limited**

---

Applications will be made to the FCA and the London Stock Exchange for all of the New Shares to be admitted to the premium segment of the Official List under Chapter 15 of the Listing Rules and to trading on the Main Market. It is expected that Admission will become effective and that dealings for normal settlement in the New Shares will commence at 8.00 a.m. on 4 December 2023. The ISIN for the New Shares admitted to trading is: GB0008052507.

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

Apart from the responsibilities and liabilities, if any, which may be imposed on JPM by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, JPM, its affiliates, officers, directors, employees and agents make no representations or warranties, express or implied, nor accepts any responsibility whatsoever for the contents of this Prospectus or for any statement made or purported to be made by it or on its behalf in connection with the Company, the AIFM, the Investment Manager, the Issue, the Scheme, the Ordinary Shares or Admission. JPM, its affiliates, officers, directors, employees and agents, accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for any statutory liability), whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

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

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

**THE NEW SHARES ARE ONLY AVAILABLE TO ASCI SHAREHOLDERS AND ARE NOT BEING OFFERED TO EXISTING SHAREHOLDERS (SAVE TO THE EXTENT THAT AN EXISTING SHAREHOLDER IS ALSO AN ASCI SHAREHOLDER) OR THE PUBLIC.**

#### **Overseas shareholders**

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

The New Shares described in this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or the securities laws of any states of the United States or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. Accordingly, the New Shares may not (unless an exemption from such legislation or such laws is available) be offered, sold, resold, pledged, delivered assigned or otherwise transferred, directly or indirectly, in or into the United States, Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. There has not been and will be no public offer of the New Shares in the United States. The Company has not been and will not be registered under the United States Investment Company Act of 1940 (as amended) and as such investors in the Scheme will not be entitled to the benefits of such legislation. Persons resident in territories other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to apply for, acquire, hold or dispose of the New Shares.

Neither the US Securities Exchange Commission nor any securities regulatory authority of any state or other jurisdiction of the United States has approved or disapproved the New Shares or passed upon or endorsed the merits of the offering of the New Shares or the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

ASCI Shareholders who are resident in, or citizens of, territories outside of the United Kingdom should read the section headed “**Overseas ASCI Shareholders**” in Part 4 (*Details of Issue and Scheme*) of this Prospectus.

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

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

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

**17 October 2023**

## CONTENTS

	Page
UK PROSPECTUS REGULATION SUMMARY .....	5
RISK FACTORS .....	12
IMPORTANT INFORMATION.....	19
EXPECTED TIMETABLE .....	28
ISSUE STATISTICS .....	29
DEALING CODES .....	29
DIRECTORS, AIFM, INVESTMENT MANAGER AND OTHER ADVISERS .....	30
PART 1 THE COMPANY AND THE INVESTMENT MANAGER .....	32
PART 2 INVESTMENT STRATEGY AND PORTFOLIO .....	39
PART 3 DIRECTORS, MANAGEMENT AND ADMINISTRATION OF THE COMPANY ....	45
PART 4 DETAILS OF THE SCHEME AND THE ISSUE.....	52
PART 5 FINANCIAL INFORMATION .....	61
PART 6 UK TAXATION .....	65
PART 7 GENERAL INFORMATION .....	69
PART 8 DEFINITIONS .....	86

# UK PROSPECTUS REGULATION SUMMARY

## INTRODUCTION AND WARNINGS

### 1. INTRODUCTION, CONTAINING WARNINGS

The name of the issuer is Shires Income plc (the **Company**). The Company's LEI number is 549300HVCIHQNZAYA89.

The ISIN for the ordinary shares of the Company to be admitted to trading in connection with the scheme of reconstruction of abrdn Smaller Companies Income Trust plc (**ASCI**) (the **Scheme**) is GB0008052507. The SEDOL is 0805250. The Company can be contacted by writing to its registered office at 280 Bishopsgate, London EC2M 4AG or by calling Freephone: 0808 500 0040 (open Monday to Friday, 9 a.m. to 5.00 p.m., excluding public holidays in England and Wales) or emailing [CEF.CoSec@abrdn.com](mailto:CEF.CoSec@abrdn.com).

The Prospectus was approved on 17 October 2023 by the Financial Conduct Authority (the FCA) of 12 Endeavour Square, London E20 1JN (Tel: 020 7066 1000).

#### Warning

**This summary should be read as an introduction to this Prospectus. Any decision to invest in securities should be based on consideration of this Prospectus as a whole by the investor. The investor could lose all or part of its invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.**

### 2. KEY INFORMATION ON THE ISSUER

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

The Company is a public company with limited liability incorporated in England and Wales and domiciled in the United Kingdom. The Company is an investment company under section 833 of the Companies Act 2006. It is subject to the Listing Rules and the DTR and operates under the Companies Act 2006 and regulations made thereunder. The Company's LEI number is 549300HVCIHQNZAYA89.

The Company is an investment trust and its investment objective is to provide shareholders with a high level of income, together with the potential for growth of both income and capital, from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities. The principal activity of the Company is investing substantially in UK equities.

As at close of business on 13 October 2023, being the latest practicable date prior to the publication of this Prospectus, in so far as it is known to the Company, and as notifiable under the DTRs, there were no people who held directly or indirectly 3 per cent. or more of the issued Ordinary Shares or the Company's voting rights.

As at close of business on 13 October 2023, being the latest practicable date prior to the publication of this Prospectus, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

The Company has appointed abrdn Fund Managers Limited (**AFML** or the **AIFM**) as the Company's alternative investment fund manager to provide overall portfolio and risk management services to the Company. The AIFM has appointed abrdn Investments Limited (**AIL** or the **Investment Manager**) to manage the Portfolio.

The Board is comprised of:

- Robert Talbut (*Chairman*)
- Robin Archibald

- Jane Pearce; and
- Helen Sinclair.

All of the Directors are non-executive and are independent of the AIFM.

The Company's auditor is Ernst & Young LLP of Atria One, 144 Morrison Street, Edinburgh EH3 8EX.

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

#### *Selected historical financial information*

Selected audited financial information relating to the Company, summarising the financial condition of the Company for the financial year ended 31 March 2023 and 31 March 2022 is set out in the following tables:

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

Share Class	Total NAV* (£'000)	No. of Shares (excluding treasury)	NAV* per Share
Ordinary	73,112	30,519,088	239.56

\*As at 13 October 2023, being the latest practicable date before the publication of this Prospectus

#### **Income statement for closed-ended funds**

	Year ended 31 March 2022			Year ended 31 March 2023		
	Revenue (£'000)	Capital (£'000)	Total (£'000)	Revenue (£'000)	Capital (£'000)	Total (£'000)
(Losses)/gains on investments	—	5,048	5,048	—	(6,084)	(6,084)
Currency (losses)/gains	—	3	3	—	39	39
Total Income	5,239	5,051	10,290	5,673	(6,045)	(372)
Investment management fee	(212)	(212)	(424)	(207)	(207)	(414)
Other administrative expenses	(440)	—	(440)	(417)	—	(417)
Net return before finance costs and taxation	4,587	4,839	9,426	5,049	(6,252)	(1,203)
Finance costs	(135)	(135)	(270)	(363)	(363)	(726)
Profit/(loss) before taxation	4,452	4,704	9,156	4,686	(6,615)	(1,929)
Taxation	(73)	—	(73)	(102)	—	(102)
Profit/(loss) attributable to equity holders of the Company	4,379	4,704	9,083	4,584	(6,615)	(2,031)
Earnings per ordinary share (pence)	14.21	15.27	29.48	14.83	(21.40)	(6.57)

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

	At 31 March 2022	At 31 March 2023
Shareholders' funds (£'000)	85,819	79,913
Shareholders' funds per Share (p)	278.29	257.92

#### **Total Net Assets Leverage ratio (calculated under UK AIFM Regulations (unaudited))**

	31 March 2023 (£'000)	
	Gross	Commitment
Ordinary Shares	1.45:1	1.46:1

Net gearing measures total borrowings less cash and cash equivalents divided by shareholders' funds, expressed as a percentage. Under AIC reporting guidance, cash and cash equivalents includes net amounts due to and from brokers at the period end as well as cash and short-term deposits. As at the latest practicable date the net gearing level of the Company was 24.5 per cent.

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

## **2.2 What are the key risks that are specific to the issuer?**

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

### *Risks relating to the Company and the Ordinary Shares*

- The Company has no employees and Directors are appointed on a non-executive basis so the Company is reliant on third party service providers in order to achieve its investment objective. Failure by any service provider to carry out its obligations in accordance with the terms of its appointment could have a material adverse effect on the value of the Portfolio, the Company's business prospects and results of operations, with a consequential adverse effect on the market value of the Ordinary Shares.
- In particular the success of the Company is dependent on the AIFM and the Investment Manager and their expertise, key personnel, and ability to source and advise appropriately on investments. As a result of this, the value of the Portfolio, the Company's financial condition, results of operations, prospects and the value of the Ordinary Shares could be adversely affected by competitive pressures on the AIFM and/or the Investment Manager's ability to source and make successful investments.

### *Risks relating to the investment objective and policy*

- The Company may not achieve its investment objective. The Company is dependent upon the Investment Manager's successful implementation of its investment strategy and ultimately on its ability to create an investment portfolio capable of generating attractive returns. Investors may not get back the full value of their investment.
- The Company invests a proportion of its assets in smaller companies. Securities of smaller companies may be subject to abrupt price movements and may be less liquid and as such may have an adverse effect on the value of the Portfolio, the Company's financial condition, with a consequential adverse effect on returns to Shareholders and the market value of the Ordinary Shares.
- There is a risk that the Company fails to generate sufficient income from its Portfolio to meet the Company's investment objective to provide Shareholders with a high level of income, together with a potential for growth of both income and capital. The Company's ability to make distributions is dependent on a number of factors, including the level of dividends and interest earned from its Portfolio and the net revenue profits after tax available for that purpose. Income returns from the Portfolio will be dependent, amongst other things, upon the Company successfully pursuing its investment objective. Any failure to generate sufficient income may have an adverse effect on returns to Shareholders and the market value of the Ordinary Shares.
- The Company has longstanding holdings in a number of preference shares with no fixed redemption dates. By their nature, their price movements will be subject to a number of factors, including prevailing and changing interest rates, and, in normal market conditions, will tend to respond less to pricing movements in equity markets. Issue sizes of these preference shares are normally relatively small and with associated low secondary market liquidity by comparison with the equity component of the Portfolio. Such levels of liquidity could have an adverse effect on the value of the Portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Ordinary Shares.

### *Risks relating to regulation, taxation and the Company's operating environment*

- The Company is subject to various political, economic and other risks (such as war, acts of terrorism, changes to any given country's political leader or significant economic downturns affecting global or more domestic markets) which may impact the economic conditions in which the Company and companies in the Portfolio operate and may adversely impact global financial markets and, consequently, the Company's performance.
- If the Company fails to maintain HMRC approval for its status as an investment trust for the purposes of CTA 2010 and the Investment Trust Regulations, it would result in the Company not being able to benefit from the current exemption for investment trusts from UK corporation tax on chargeable gains and could therefore affect the Company's ability to provide returns to Shareholders.

### **3. KEY INFORMATION ON THE SECURITIES**

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

The New Shares are ordinary shares, denominated in sterling, with a nominal value of 50 pence each, whose ISIN is GB0008052507. As at 13 October 2023, being the latest practicable date prior to the publication of this Prospectus, the Company had 30,519,088 fully paid Ordinary Shares in issue and an additional 445,492 Ordinary Shares in treasury. In addition, it has 50,000 3.5% Cumulative Preference Shares of £1.00 each.

The New Shares will rank equally in all respects (including voting rights) with each other and the existing Ordinary Shares but not in respect of any dividends declared prior to the Effective Date. In summary, the rights attaching to the Ordinary Shares are:

<b>Dividend</b>	Subject to the provisions of the Companies Act 2006, the right to receive the revenue profits of the Company attributable to the Ordinary Shares and available for distribution and determined to be distributed by way of interim or final dividend.
<b>Rights in respect of capital</b>	On a winding-up, after meeting the liabilities of the Company (including to the Cumulative Preference Shareholders), the surplus assets of the Company will be paid to the holders of the Ordinary Shares in proportion to their shareholdings.
<b>Voting</b>	The right to receive notice of, attend and vote at general meetings of the Company. On a show of hands, every Ordinary Shareholder shall have one vote and on a poll, the Ordinary Shareholders shall have one vote in respect of each class of share held by them.

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

There are no restrictions on the free transferability of the Ordinary Shares, subject to compliance with applicable securities laws and the provisions of the Articles relating to the transfer of shares.

#### *Dividends*

The Company does not have any formal policy to achieve any specified level of dividend in any year. The Company's practice is to pay three interim dividends per year, together with a final dividend approved at its annual general meeting held in or around July each year. As far as practical the interim dividends are paid at the same amount, re-calibrated from time to time, with the final dividend set according to the net income outcome for the year and taking account of income outlook.

The investment objective of the Company is to provide shareholders with a high level of income, together with the potential for growth of both income and capital, from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities.

The Board's approach is to aim for total dividends paid in the year to be covered by net earnings for the period and that the Company has revenue reserves which can be applied to allow the Company to support future dividend payments in times of economic difficulties. The Company has the flexibility to pay dividends from its realised capital reserves, although the Board has no current intention of making use of this flexibility.

#### **3.2 Where will the securities be traded?**

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

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

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

- The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors. The market value of the Ordinary Shares may therefore vary considerably from the Company's underlying NAV. In particular, it is possible that the Ordinary Shares could trade at a value materially below



their NAV for a prolonged period of time and there can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

- It may be difficult for Shareholders to realise their investment as there may not be a liquid market in the Ordinary Shares, and Shareholders have no right to have their Ordinary Shares redeemed or repurchased by the Company.

#### **4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET**

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

###### *Terms and conditions*

The Scheme is conditional upon among other things: (i) the passing of the ASCI Resolutions at the First ASCI General Meeting and the Second ASCI General Meeting or any adjournment of those meetings and any conditions of such ASCI Resolutions being fulfilled; (ii) the passing of the Scheme Resolution at the General Meeting; (iii) the FCA agreeing to admit the New Shares to the Official List with a premium listing and to the Main Market; and (iv) the ASCI Directors and the Board resolving to proceed with the Scheme.

###### *Expected Timetable*

**2023**

##### **General Meeting**

Publication of Shires Circular, Forms of Proxy and Letters of Direction for abrdn Share Plan holders for the General Meeting	17 October
Latest time and date for receipt of Letter of Direction for abrdn Share Plan holders for the General Meeting	12.00 p.m. on 13 November
Latest time and date for receipt of Forms of Proxy for the General Meeting	12.00 p.m. on 16 November
General Meeting	12.00 p.m. on 20 November
Announcement of results of the General Meeting	20 November

##### **Scheme**

Publication of Prospectus	17 October
First ASCI General Meeting	2.00 p.m. on 20 November
Record Date for entitlements under the Scheme	6.00 p.m. on 24 November
ASCI Shares disabled for settlement in CREST	6.00 p.m. on 24 November
Suspension of listing of ASCI Shares	7.30 a.m. on 27 November
Calculation Date for the Scheme	5.00 p.m. on 27 November
Reclassification of the ASCI Shares	8.00 a.m. on 30 November
Suspension of listing of the Reclassified Shares and ASCI's register closes	7.30 a.m. on 1 December
Second ASCI General Meeting	9.30 a.m. on 1 December
Effective Date for implementation of the Scheme	1 December
Announcement of results of the Scheme and respective FAVs per Share	1 December
Admission and dealings in the New Shares commence CREST accounts credited to ASCI Shareholders in respect of New Shares issued in uncertificated form	as soon as practicable after 8.00 a.m. on 4 December
Certificates despatched by post in respect of New Shares issued in certificated form	not later than 10 Business Days from the Effective Date
Cancellation of listing of ASCI Shares	as soon as practicable after the Effective Date

##### **Notes:**

- (1) References to times above and in this Prospectus generally are to London times unless otherwise specified.
- (2) All times and dates in the expected timetable and in this Prospectus may be adjusted by the Company. Any material changes to the timetable will be notified through a RIS.

### *Details of Admission*

Applications will be made to the FCA and the London Stock Exchange for the New Shares to be admitted to the premium segment of the Official List under Chapter 15 of the Listing Rules and to trading on the Main Market. The existing Ordinary Shares are already traded there. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List on 4 December 2023, and the first day of dealings in such New Shares on the Main Market will be 4 December 2023.

### *Distribution*

The New Shares will be available to be issued in either certificated form or uncertificated form. Where applicable, share certificates are expected to be dispatched by post in the week commencing 11 December 2023.

### *Dilution*

Existing Shareholders are not able to participate in the Issue and will suffer a dilution to the percentage of the issued share capital (voting rights) that their current holding represents based on an actual number of New Shares issued. It is not expected that Existing Shareholders will suffer any NAV dilution due to the Proposals.

**For illustrative purposes only**, had the Calculation Date been 5.00 p.m. on 13 October 2023 (being the latest practicable date prior to the publication of this Prospectus), and assuming that no ASCI Shareholders exercise their right to dissent from participation in the Scheme and that:

- (a) 25 per cent. of ASCI Shareholders elected for the Cash Option, so that 13,086,179 New Shares were issued, Existing Shareholders would have suffered a dilution of approximately 30 per cent. to their existing percentage holdings; or
- (b) all ASCI Shareholders had elected to receive New Shares, so that 18,325,469 New Shares were issued, Existing Shareholders would have suffered a dilution of approximately 37.5 per cent. to their existing percentage holdings.

### *Expenses of the Scheme and Issue*

Subject as noted below, the Company and ASCI have each agreed to bear their own costs associated with the Scheme. The fixed costs of the Proposals payable by the Company are estimated to be approximately £808,210 (including irrevocable VAT). As part of the fee arrangements there is scope for a discretionary payment being made to the Company's sponsor, which will be subject to outcome and the extent of work required in order to implement the Proposals. In any event, this will not exceed in aggregate £350,000.

The ASCI costs will be reflected in the ASCI FAV. Any stamp duty or similar transaction costs incurred by the Company for the acquisition of the ASCI portfolio and (ii) any London Stock Exchange listing fees borne by the Company in respect of the admission to listing of the New Shares, will not be reflected in the FAV of either company and, instead, will be borne by the Enlarged Company.

The AIFM has agreed to contribute to the costs of the Scheme by way of a waiver of the management fee payable by the Company in respect of the net assets transferred to the Company under the Scheme for the first 182 days following the completion of the Scheme (the **AFML Contribution**). The financial value of this amount (which is estimated at £87,051 based on the Company's NAV as at 13 October 2023 and assuming no ASCI Shareholders exercise their right to dissent from participation in the Scheme and that 25 per cent. of ASCI Shareholders elect for the Cash Option) will be satisfied by the AIFM by means of a waiver of its fees for the benefit of the shareholders of the Enlarged Company. The AIFM contribution is subject to the Company not terminating the management agreement (other than for cause as provided under such agreement) for three years from the Effective Date of the Scheme, failing which the enlarged Company will be obliged to repay all or part (depending on the point of termination) of the AFML Contribution.

For the avoidance of doubt, this amount will not be taken into account in the calculation of either the Shares FAV per Share or the ASCI FAV per Share.

## **4.2 Why is the Prospectus being produced?**

### *Reasons for the Issue*

The New Shares are being issued in connection with the recommended proposals to combine the Company with ASCI.

The Board has been looking at opportunities to increase the size and scale of the Company in order to assist with liquidity and reduce costs for some time. Alongside this goal, the Board has been conscious of the ASCI holding and the impact this has had on performance through the volatility of ASCI's share price, rather than the performance of the underlying smaller companies shares in the ASCI portfolio.

As noted in our 2023 Annual Report the Board of the Company and its advisers approached ASCI in October 2022 with illustrative proposals relating to a proposed consolidation of the two companies whilst maintaining small cap exposure and concentrating on providing above average income from a diversified portfolio of UK quoted securities, in line with the Company's existing investment objective. On 13 February 2023 ASCI announced that it was commencing a strategic review process. The Company participated in that process and amended its previous proposals.

After detailed negotiations, the Board and the ASCI Board each announced on 26 July 2023 that they had agreed heads of terms for a combination of the assets of ASCI with the Company by means of the Scheme and associated Scheme Issue together with an opportunity for ASCI Shareholders to exit their holding in ASCI for cash.

In consideration for the issue of New Shares to the Liquidators, who will renounce the New Shares in favour of the ASCI Shareholders who hold ASCI Rollover Shares, the cash, undertaking and other assets of ASCI comprising the Rollover Pool, will be transferred to the Company pursuant to the Transfer Agreement. The Rollover Pool will consist of investments aligned with the Company's investment objective and policy as at the Effective Date, together with cash and cash equivalents. Any cash in the Rollover Pool and any proceeds of the realisation cash equivalents in the Rollover Pool will be used to acquire investments in accordance with the Company's investment policy. As a shareholder in ASCI, the Company will receive a distribution *in specie* in respect of their proportion of the Rollover Pool.

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

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

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

The Issue has not been underwritten.

### *Conflicts of interest*

AFML and its affiliates serve as the alternative investment fund manager, investment manager and/or investment adviser to other clients, including funds and managed accounts that have similar investment objectives and policies to that of the Company. These investment management services may on occasion give rise to conflicts of interest with the Company and may have a material adverse effect on the Company's business, financial condition, results of operations and the market price of the Ordinary Shares. AFML will manage conflicts of interest in accordance with its policies and procedures relating to conflicts of interest. However, there can be no assurance that AFML will resolve all conflicts of interest in a manner that is favourable to the Company. Save as aforesaid, there are no conflicting interests that are material to the Issue.

## RISK FACTORS

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

Only those risks which are believed to be material and currently known to the Directors at the date of this Prospectus have been disclosed. Those risks may adversely affect the Company and its business, business prospectus, financial condition and NAV (Company's NAV and revenues) and returns to Shareholders including dividends, and/or the market price of the Ordinary Shares (returns to Shareholders). Additional risks and uncertainties not currently known to the Directors, or that the directors deem immaterial at the date of this Prospectus, may also have an adverse effect on the Company's NAV, revenues and returns to Shareholders.

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

ASCI Shareholders should review this Prospectus carefully and, in its entirety, and consult with their professional advisers being making an election for the New Shares.

### RISKS RELATING TO THE COMPANY'S BUSINESS

#### ***Reliance on third party service providers***

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company is therefore reliant upon the performance of third party service providers for its executive function. In particular, abrDN provides services that are integral to the operation of the Company and the Depositary holds assets on its behalf. 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 and could affect the ability of the Company to successfully pursue its investment policy.

abrDN may be exposed to reputational risks (including litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid) which may harm its reputation. Any damage to the reputation of abrDN could result in potential counterparties and third parties being unwilling to deal with abrDN and by extension the Company. This could have an adverse impact on the ability of the Company to successfully pursue its investment policy.

Other control failures, either by abrDN or any other of the Company's service providers, could result in operational or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.

In the event that it is necessary for the Company to replace any third-party service provider, it may be that the transition process takes time, increases costs and may adversely affect the Company's NAV, revenues and returns to Shareholders.

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

The Company and its service providers (including in particular, the AIFM and Investment Manager) may be vulnerable to operational, information security and related risks resulting from failures of or breaches in cybersecurity, including damage or interruption from computer viruses, network failures, computer

and telecommunications failures, infiltration by unauthorised persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

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

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

## **RISKS RELATING TO THE INVESTMENT OBJECTIVE AND POLICY**

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

The Company is dependent upon the Investment Manager’s successful implementation of the Company’s investment policies and ultimately on its ability to create an investment portfolio capable of generating attractive returns. This implementation will be subject to a number of factors, including market conditions and the timing of investments relative to market cycles, many of which (particularly over the short term) are beyond the control of the Company and difficult to predict. Past performance is not an indicator of future performance. There can be no assurance that the Investment Manager will be able to invest the Company’s assets on attractive terms. If the Investment Manager is not successful in achieving the Company’s investment objectives there can be no guarantee that the Portfolio will generate any investment returns for the Company’s investors, pay a dividend or avoid investment losses.

The information contained in this Prospectus relating to the prior performance of investments made by the AIFM and the Investment Manager on behalf of the Company is being provided for illustrative purposes only and is not indicative of the likely future performance of the Company. In considering the prior performance information contained in this Prospectus, ASCI Shareholders should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that the Company will achieve comparable results or be able to avoid losses. There can be no assurance that the Investment Manager will be able to invest the Company’s assets on attractive terms.

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

There is a risk that the Company fails to generate sufficient income from its Portfolio to meet the Company’s investment objective to provide Shareholders with a high level of income, together with a potential for growth of both income and capital. The Company’s ability to make distributions is dependent on a number of factors, including the level of dividends and interest earned from its Portfolio and the net revenue profits after tax available for that purpose. Income returns from the Portfolio will be dependent, amongst other things, upon the Company successfully pursuing its investment objective.

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

Any failure to generate sufficient income may have an adverse effect on returns to Shareholders and the market value of the Ordinary Shares.

***The Company invests in smaller companies and may be subject to risks related to their size***

The Company invests a proportion of its assets in smaller companies. Securities of smaller companies may be subject to abrupt price movements and may be less liquid with a consequential adverse effect on returns to Shareholders and the market value of the Ordinary Shares. It is expected that up to 20 per cent. of the Enlarged Company's Portfolio will consist of investments in smaller companies on an ongoing basis.

***The Company has longstanding holdings in preference shares with no fixed redemption dates***

The Company has longstanding holdings in a number of preference shares with no fixed redemption dates. By their nature, their price movements will be subject to a number of factors, including prevailing and changing interest rates, and, in normal market conditions, will tend to respond less to pricing movements in equity markets. Issue sizes of these preference shares are normally relatively small and with associated low secondary market liquidity by comparison with the equity component of the Portfolio. Such levels of liquidity could have an adverse effect on the value of the Portfolio, the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Ordinary Shares. As at the latest practicable date, 21.50 per cent. of the Company's net assets are investments in preference shares.

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

Performance may be enhanced by use of the £20 million committed sterling term loan facility comprised of a fixed rate loan facility and a revolving credit facility with The Royal Bank of Scotland International Limited, London Branch. There is no guarantee that the Facilities will be renewed at maturity or on terms acceptable to the Company. If it were not possible to renew these facilities or replace it with one from another lender, the amounts owing by the Company would need to be funded by the sale of securities. The facilities agreement has a five year tenure and will mature on in April 2027.

The gearing level of the Portfolio will change from time to time in accordance with the Investment Managers' assessments of risk and reward. Where market exposure is geared, any reduction in the value of the geared Portfolio's investments may lead to a correspondingly greater percentage reduction in its NAV (which is likely to affect Share prices adversely). 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 Portfolio's gearing level.

Whilst the use of borrowings by the Company should enhance the total return of the Ordinary Shares where the return on the underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on that Share class. Similarly, the use of gearing by investment companies or funds in which the Company invests increases the volatility of those investments.

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

The Ordinary Shares are denominated in pounds Sterling and, while the majority of the Company's investments are also denominated in pounds Sterling, the Company is permitted to invest up to 10 per cent. of its gross assets in the equity securities of overseas assets; and as at the date of this Prospectus around 7.7 per cent. of the Portfolio is invested in securities listed on exchanges outside of the UK. Accordingly, the Company's NAV is subject to the risk of movements in exchange rates i.e. the pound Sterling value of the Company's investments that are not denominated in pounds Sterling may rise or fall solely on account of exchange rate fluctuations (including, *inter alia*, short term exchange rate fluctuations arising from the UK's withdrawal from the EU). The Company does not hedge its currency exposures, and changes in exchange rates may lead to a depreciation in the Company's Net Asset Value.

## **RISKS RELATING TO THE AIFM AND THE INVESTMENT MANAGER**

### ***The success of the Company is dependent on the AIFM and the Investment Manager and their expertise, key personnel, and ability to source and advise appropriately on investments***

In accordance with the Management Agreement, the AIFM is solely responsible for the management of the Company's investments, with the AIFM delegating its portfolio management responsibilities to the Investment Manager. The Company does not have any employees and its Directors are appointed on a non-executive basis. All of its investment and asset management decisions are in the ordinary course made by the AIFM and the Investment Manager (and any of their delegates) and not by the Company. The Investment Manager is not required to, and generally does not, submit individual investment decisions for approval to the Board. The Company is therefore reliant upon, and its success depends on, the AIFM and the Investment Manager and their personnel, services and resources.

Returns on Shareholders' investments in Ordinary Shares will depend upon the AIFM's and the Investment Manager's ability to source and make successful investments on behalf of the Company in the face of competition from other entities seeking to invest in investment opportunities identified for the Company. Competition can create significant upward pressure on pricing, thereby reducing the potential investment returns. There is no guarantee that competitive pressures will not have a material adverse effect on the Company's financial position and returns for investors.

Many of the AIFM's and the Investment Manager's investment decisions will depend upon the ability of their employees and agents to carry out due diligence and obtain relevant information. There can be no guarantee that such information will be available or that the AIFM and the Investment Manager and their employees and agents will be able to obtain it. The AIFM and the Investment Manager may be required to make investment decisions without complete information, or in reliance upon information provided by third parties that is impossible or impracticable to fully verify. Further, the AIFM and the Investment Manager may not conduct due diligence which is wide enough in scope to reveal the potential risks of a particular investment. There can be no assurance that the AIFM and the Investment Manager will correctly identify and evaluate the nature and magnitude of the various factors that could affect the value of and return on the Company's investments. Any failure by the AIFM and the Investment Manager to perform effective due diligence on potential investments may adversely affect the investment returns expected from a particular investment.

Further, the ability of the Company to pursue its investment policy successfully depends on the continued service of key personnel of the AIFM and the Investment Manager, and/or the AIFM's and the Investment Manager's ability to recruit individuals of similar experience and calibre. Whilst the AIFM and the Investment Manager seek to ensure that the principal members of its management teams are suitably incentivised, the retention of key members of those teams cannot be guaranteed. There is no guarantee that following the death, disability or departure from the AIFM or the Investment Manager of any key personnel the AIFM or the Investment Manager would be able to recruit a suitable replacement or avoid any delay in doing so. The loss of key personnel and any inability to recruit an appropriate replacement in a timely fashion could have an adverse effect on the future performance of the Portfolio and on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Ordinary Shares.

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

### ***There can be no assurance that the Board would be able to find a replacement alternative investment manager or investment manager if the AIFM or the Investment Manager were to resign or the Management Agreement were to be terminated***

Under the terms of the Management Agreement, the AIFM may resign as the Company's manager by giving the Company not less than six months' written notice. Further, the Management Agreement may be terminated immediately upon notice by the AIFM or by the Company in certain circumstances

The Board would, in such circumstances, have to find a replacement alternative investment fund manager and/or investment manager for the Company. There can be no assurance that a replacement with the necessary skills and experience would be available and could be appointed on terms acceptable to the Company. If the Management Agreement is terminated and a suitable replacement is not secured in a timely manner, this could have an adverse effect on the future performance of the Portfolio and on the Company's financial condition, results of operations and prospects, with a consequential adverse effect on returns to Shareholders and the market value of the Ordinary Shares.

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

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

***The AIFM, the Investment Manager and their affiliates serve as the alternative investment fund manager, investment manager and/or investment adviser to other clients, including funds and managed accounts that have similar investment objectives and policies to that of the Company, which may on occasion give rise to conflicts of interest with the Company***

These services may on occasion give rise to conflicts of interest with the Company and may have a material adverse effect on the Company's business, financial condition, results of operations and the market price of the Ordinary Shares. For example, the AIFM, the Investment Manager and/or their affiliates may have conflicts of interest in allocating their time and activity between the Company and their other clients, in allocating investments among the Company and their other clients and in effecting transactions between the Company and other clients, including ones in which the AIFM, the Investment Manager and/or their affiliates may have a greater financial interest. Furthermore, the AIFM and the Investment Manager may provide services to certain in-house funds into which the Company may invest which may give rise to a conflict of interest. The AIFM and the Investment Manager will manage conflicts of interest in accordance with their policies and procedures relating to conflicts of interest. However, there can be no assurance that the AIFM and the Investment Manager will resolve all conflicts of interest in a manner that is favourable to the Company.

## **RISKS RELATING TO THE ORDINARY SHARES**

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

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

***The Ordinary Shares may trade at a discount to Net Asset Value and the price that can be realised for Ordinary Shares will be subject to market fluctuations***

It is unlikely that the price at which the Ordinary Shares trade will be the same as their Net Asset Value (although they are related). The shares of an investment company such as the Company may trade at a discount to their net asset value. This could be due to a variety of factors, including due to market conditions or an imbalance between supply and demand for the Ordinary Shares. While the Directors may seek to mitigate the discount to Net Asset Value through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such efforts will be successful. As a result of this, investors that dispose of their interests in the Ordinary Shares in the secondary market may realise returns that are lower than they would have been if an amount equivalent to the Net Asset Value was distributed.



The market price of the Ordinary Shares may fluctuate significantly and Shareholders may not be able to sell Ordinary Shares at or above the price at which they purchased those Ordinary Shares. Factors that may cause the price of the Ordinary Shares to vary include: changes in the Company's financial performance and prospects, or in the financial performance and market prospects of the Company's investments or those which are engaged in businesses that are similar to the Company's business; the termination of the Management Agreement or the departure of some or all of the Investment Manager's key investment professionals; changes in or new interpretations or applications of laws and regulations that are applicable to the Company's business or to the companies in which the Company makes investments; general economic trends and other external factors, including those resulting from war (in particular, the current conflict in Ukraine which is beginning to have an impact on the global economy, ranging from decreases in the supply (and/or increases to the costs) of goods to increases (and increased volatility) in the price of oil), incidents of terrorism, pandemics or responses to such events; poor performance in any of the Investment Manager's activities or any event that affects the Company's or the Investment Manager's reputation; speculation in the press or investment community regarding the Company's business or investments, or factors or events that may directly or indirectly affect the Company's business or investments; and foreign exchange risk as a result of making and selling equity investments denominated in currencies other than Sterling.

Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance or fundamentals of individual companies. Market fluctuations may adversely affect the trading price of the Ordinary Shares. As with any investment, the price of the Ordinary Shares may fall in value with the maximum loss on such investments being equal to the value of the initial investment and, where relevant, any gains on subsequent investments made.

***It may be difficult for Shareholders to realise their investment as there may not be a liquid market in the Ordinary Shares, and Shareholders have no right to have their Ordinary Shares redeemed or repurchased by the Company and they may not realise the full value of their investment***

Admission should not be taken as implying that there will be an active and liquid market for the Ordinary Shares. Limited liquidity in the Ordinary Shares may affect: (i) an investor's ability to realise some or all of its/their investment; and/or (ii) the price at which such Ordinary Shares trade in the secondary market. The price at which the Ordinary Shares will be traded will be influenced by a variety of factors, some specific to the Company and its investments and some which may affect companies generally.

Further, the Company is a closed-ended investment company and Shareholders will have no right to have their Ordinary Shares redeemed or repurchased by the Company at any time. Subject to the Companies Act, the Directors retain the right to effect repurchases of Ordinary Shares. However, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors to exercise such powers. 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.

As with any investment, the price of the Ordinary Shares may fall in value. The maximum loss on an investment in the Ordinary Shares is equal to the value of the initial investment and, where relevant, any gains or subsequent investments made. ASCI Shareholders therefore may not recover the full amount initially invested in the Ordinary Shares, or any amount at all.

## **RISK RELATING TO REGULATION AND TAXATION**

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

It is the intention of the Directors to continue to conduct the affairs of the Company so as to continue to satisfy the conditions for approval of the Company by HMRC as an investment trust under section 1158 of CTA 2010 and the Investment Trust Regulations and, accordingly, for the Company to retain approval as an investment trust. In respect of each accounting period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on chargeable gains. There is a risk that if the Company fails to maintain its status as an investment trust, the Company would be subject to the normal rates of UK corporation tax on chargeable gains arising on the transfer or disposal of investments and other assets, which could adversely affect the Company's financial

performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders. In addition, it is not possible to guarantee that the Company will remain a non-close company, which is one of the requirements to maintain investment trust status, as the Ordinary Shares are freely transferable. In the event that the Company fails to continue to satisfy the criteria for maintaining investment trust status, the Company will, as soon as reasonably practicable, notify Shareholders of this fact.

#### ***Changes in laws or regulations governing the Company's NAV and revenues***

The Company is subject to laws and regulations enacted by national and local governments (including EU laws and regulations incorporated into UK law by virtue of the EUWA or future similar enactments). 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.

Any changes in the law and regulation affecting the Company and its operations 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 performance of the Company's NAV, revenues and returns to Shareholders. In such event, the investment returns of the Company may be materially adversely affected.

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

Any changes to the tax status of the Company or any of its underlying investments, or to tax legislation or practice (whether HMRC practice in the UK or in jurisdictions in which the Company invests), could affect the value of investments held by the Company, affect the Company's ability to provide returns to Shareholders and affect the tax treatment for Shareholders of their investments in the Company (including the applicable rates of tax and availability of reliefs). Statements in this Prospectus concerning the taxation of Shareholders or the Company are based on current UK taxation law and HMRC published practice as at the date of this Prospectus. Any aspect of these statements are subject to change (and potentially with retrospective effect) that could adversely affect the ability of the Company to pursue successfully its investment policy and/or which could adversely affect the taxation of the Company and the Shareholders.

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

#### **RISK RELATING TO THE SCHEME**

**In the event that the Scheme is not implemented, certain costs and expenses incurred in connection with the Scheme may be borne by the Company.**

Implementation of the Scheme is conditional, amongst other conditions, upon the approval of the Scheme Resolution by the Existing Shareholders at the General Meeting and ASCI Shareholders approving the Scheme. If any condition of the Scheme is not met, the Scheme will not be implemented and certain costs and expenses incurred in connection with the Scheme may be borne by the Company. In these circumstances, the Company and ASCI would remain as separate investment trusts. If the Scheme was not to proceed it is estimated that the Company would incur approximately £458,210 of costs.

## IMPORTANT INFORMATION

### General

**This Prospectus should be read in its entirety. ASCI Shareholders should rely only on the information contained in this Prospectus and any supplementary prospectus published by the Company prior to the date of Admission. No person has been authorised to give any information or make any representations in connection with the Issue other than the information contained in, or incorporated by reference into, this Prospectus (or any supplementary prospectus published by the Company prior to the date of Admission in connection with the Issue and, if given or made, such information or representations must not be relied on as having been authorised by or on behalf of the Company, the AIFM, the Investment Manager, JPM or any of their respective affiliates, officers, directors, members, employees or agents.**

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

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

The Ordinary Shares are designed to be held over the long term and may not be suitable as a short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full amount initially invested, or any amount at all. The investment objective of the Company is a target only and should not be treated as an assurance or guarantee of performance. There can be no assurance that the Company's investment objective will be achieved. The past performance of the Company is not a guarantee of the future performance of the Company. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments. Although the Ordinary Shares are, and the New Shares will be, listed on the premium segment of the Official List and admitted to trading on the Main Market, it is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty in selling them.

Apart from the responsibilities and liabilities, if any, which may be imposed on JPM by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, JPM, its affiliates, officers, directors, employees and agents make no representations or warranties, express or implied, nor accepts any responsibility whatsoever for the contents of this Prospectus or for any statement made or purported to be made by it or on its behalf in connection with the Company, the AIFM, the Investment Manager, the Issue, the Scheme, the Ordinary Shares or Admission. JPM (its affiliates, officers, directors, employee and agents) accordingly, to the fullest extent permitted by law, disclaims all and any responsibility or liability (save for any statutory liability), whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of the Company. A summary of the provisions in the Articles relating to the rights attaching to the Shares, including any limitation of those rights and procedures for the exercise of those rights is set out in paragraph 4 of Part 7 (*General Information*) of this Prospectus.

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

**If you are in doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other professional or other financial advisor.**

### **Selling restrictions**

**The New Shares are only available to ASCI Shareholders and are not being offered to Existing Shareholders (save to the extent an Existing Shareholder is also an ASCI Shareholder) or to the public.**

**This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any New Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction 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.**

**The distribution of this Prospectus and the offering of New Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of New Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction relevant to them in connection with any proposed applications for New Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. None of the Company, the AIFM, the Investment Manager, JPM or any of their respective affiliates or advisers, accepts any legal responsibility to any person, whether or not a prospective investor, for any such restrictions.**

**Save for in the United Kingdom and save as explicitly stated elsewhere in this Prospectus, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of New Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus in any other jurisdiction where action for that purpose is required.**

### **Regulatory Information**

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

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

### ***Notice to prospective investors in the EEA***

In relation to each EEA State, no New Shares have been offered or will be offered pursuant to the Issue to the public in that EEA State prior to the publication of a prospectus in relation to the New Shares which has been approved by the competent authority in that EEA State, or, where appropriate, approved in another EEA State and notified to the competent authority in that EEA State, all in accordance with the EU Prospectus Regulation, except that the New Shares may be offered to the public in that EEA State at any time with the prior consent of the Sponsor under the following exemptions under the EU Prospectus Regulation:

- to any legal entity which is a qualified investor as defined in Article 2 of the EU Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) in that EEA Member State; or
- in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of New Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement to a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of New Shares in any EEA State means a communication in any form and by any means of sufficient

information on the terms of the offer and any New Shares to be offered so as to enable an investor to decide to purchase or subscribe for the New Shares.

Further, the AIFM has not made any notifications or applications or received approvals for the marketing of the New Shares to “professional investors” (as defined in the EU AIFMD) in any EEA State. Notwithstanding any other statement in this Prospectus, this Prospectus should not be made available to any ASCI Shareholder (or any other person) domiciled in any EEA State. ASCI Shareholders domiciled in the EEA that have received the Prospectus in any EEA State are not, save as otherwise agreed with the Company, deemed to be an eligible ASCI Shareholder and should not subscribe for New Shares (and the Company reserves the right to reject any application so made, without explanation).

Notwithstanding that the AIFM may confirm, from time to time, that it is able to market New Shares to ASCI Shareholders who are professional investors in an EEA State, the New Shares may not be marketed to retail investors (as this term is defined in the EU AIFMD as transposed in the relevant EEA State) in any EEA Member State unless the New Shares have been qualified for marketing to retail investors in that EEA State in accordance with applicable local laws. As at the date of this Prospectus, the New Shares are not eligible to be marketed to retail investors in any EEA State. Accordingly, no retail investor in any EEA State is considered to be an eligible ASCI Shareholder and, as such, the New Shares may not be offered, sold or delivered and neither this Prospectus nor any other offering materials relating to such Ordinary Shares may be distributed or made available to retail investors in any EEA Member State

### **Investment Considerations**

ASCI Shareholders should inform themselves as to:

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

ASCI Shareholders must rely on their own advisers as to legal, financial, taxation, accounting, regulatory, investment or any other related matters concerning the Company and their holding of Ordinary Shares. The contents of this Prospectus should not be construed as advice relating to legal, financial, taxation, investment or any other matter.

The Ordinary Shares are designed to be held over the long-term and are not suitable as a short-term investment. The value of an investment in the Company and any income derived from it, if any, may go down as well as up. An investment in the Ordinary 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 might result from such an investment (which may be equal to the whole amount invested). Accordingly, typical investors in the Ordinary Shares are institutional investors, private clients through their wealth managers, experienced investors, high net worth investors, professionally advised investors and retail investors who may have basic or no knowledge and experience of investing in financial markets who have taken appropriate steps to ensure that they understand the risks involved in investing in the Company.

It should be remembered that the price of the New Shares, and the income from such New Shares (if any), can go down as well as up. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. There can be no guarantee that the investment objectives of the Company will be achieved or will provide the returns sought by the Company. The investment objective of the Company is a target only and should not be treated as an assurance or guarantee of performance. The past performance of the Company is not a guarantee of the future performance of the Company. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments. Although the Ordinary Shares are, and the New Shares will be, listed on the premium segment of the Official List and admitted to trading on the main market of the London Stock Exchange, it is possible that there may not be a liquid market in the Ordinary Shares and Shareholders may have difficulty in selling them.

All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles of the Company. A summary of the provisions in the Articles relating to the rights attaching to the Ordinary Shares, including any limitation of those rights and procedures for the exercise of those rights is set out in paragraph 4 of Part 7 (*General Information*) of this Prospectus.

### **Key information document**

Investors should be aware that the UK PRIIPs Regulation require the AIFM, as PRIIPs manufacturer, to prepare a key information document ("**KID**") in respect of the Company. This KID must be made available by the AIFM to retail investors prior to them making any investment decision and is available on the Company's website. The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns referred to in the KID are prescribed by the law. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed.

### **Non-mainstream pooled investments status and UK MiFID II**

As the Company is a closed-ended investment company which is an investment trust domiciled in the United Kingdom, the New Shares will be "excluded securities" under the FCA's rules on non-mainstream pooled investments. Accordingly, the promotion of the New Shares is not subject to the FCA's restriction on the promotion of non-mainstream pooled investments. The Board is comfortable with the AIFM's conclusion that the New Shares constitute a "non-complex" product for the purposes of UK MiFID II.

### **Data protection**

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

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

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

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

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

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

Each ASCI Shareholder acknowledges that personal data provided to the Company by ASCI will be held and processed in compliance with the Company's privacy policy. Please refer to the website at [www.shiresincome.co.uk](http://www.shiresincome.co.uk) for a copy of the Company's privacy policy. Shareholders will be notified if an updated privacy policy has been published on the Website through a RIS.

### **Forward-looking statements**

This Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts and include statements regarding the Company's intentions, beliefs or current expectations.

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

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

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements and should carefully consider the "Risk Factors" section of this Prospectus for a discussion of additional factors that could cause the Company's actual results to differ materially before making any investment decision. Forward-looking statements speak only as at the date of this Prospectus. The Company, the AIFM, the Investment Manager and JPM undertake no obligation to revise or update any forward-looking statements contained herein (save where required by the Prospectus Regulation Rules, the Listing Rules, UK MAR, EU Market Abuse Regulation, the Disclosure Guidance and Transparency Rules, the EU AIFMD or the UK AIFMD Regulations), whether as a result of new information, future events, conditions or circumstances, any change in the Company's, the AIFM's or the Investment Manager's expectations with regard thereto or otherwise. However, Shareholders are advised to read any communications that the Company may make directly to them, and any additional disclosures in announcements that the Company may make through an RIS following the date of this Prospectus.

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

## **Presentation of Information**

### *Currency, presentation*

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

### *Presentation of financial information*

The Company prepares its financial information under UK adopted International Accounting Standards. The financial information contained or incorporated by reference in the Prospectus, including that financial information presented in a number of tables in the Prospectus, has been rounded. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in the Prospectus reflect calculations based upon the underlying information prior to rounding, and accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

### *Market, economic and industry data*

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

### *No incorporation of website information*

The contents of the Website, and the contents of any websites which can be accessed through links on the Website or the websites of the AIFM, the Investment Manager, the Depositary or JPM, do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus and any supplementary prospectus published by the Company prior Admission alone and should consult their professional advisers prior to acquiring/receiving in the New Shares.

## **Information to distributors**

Solely for the purposes of the product governance requirements contained within: (a) MiFID, as amended from time to time; (b) the UK’s implementation of EU MiFID II, as amended (**UK MiFID II**); (c) the UK’s implementation of Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing EU MiFID II, and, (d) the UK’s implementation of Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing UK MiFID II, and in particular, Chapter 3 of the Product Intervention and Product Governance Sourcebook of the FCA (together, the **MiFID II Product Governance Requirements**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the **MiFID II Product Governance Requirements**) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the New Shares to be issued pursuant to the Issue are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in EU MiFID II or UK MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by EU MiFID II or UK MiFID II (the **Target Market Assessment**).

Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: (i) the price of the New Shares may decline and investors could lose all or part of their investment; (ii) the New Shares offer no guaranteed income and no capital protection; and (iii) an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) 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 be equal to the whole amount invested from such an investment. Accordingly, typical investors in the New Shares are expected to be institutional investors, private clients through their wealth managers,



experienced investors, high net worth investors, professionally advised investors and retail investors who may have basic or no knowledge and experience of investing in financial markets who have taken appropriate steps to ensure that they understand the risks involved in investing in the Company. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of EU MiFID II or UK MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Ordinary Shares when determining appropriate distribution channels.

### **Latest practicable date**

Unless otherwise indicated, the latest practicable date for the inclusion of information in this Prospectus is the close of business on 13 October 2023.

### **Important note regarding performance data**

This Prospectus includes information regarding the track record and performance data of the Investment Manager (the **Track Record**). Such information is not necessarily comprehensive and prospective investors should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this Prospectus relates. The past performance of the Investment Manager is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company and/or the Investment Manager and the Company will not make the same investments reflected in the Track Record information included herein. Prospective investors should be aware that any investment in the Company involves a significant degree of risk, and could result in the loss of all or substantially all of their investment.

For a variety of reasons, the comparability of the Track Record information to the Company's future performance is by its nature very limited. Without limitation, results can be positively or negatively affected by market conditions beyond the control of the Company or the Investment Manager which may be different in many respects from those that prevail at present or in the future, with the result that the performance of portfolios originated now may be significantly different from those originated in the past.

Prospective investors should consider the following factors which, among others, may cause the Company's results to differ materially from the historical results achieved by the Investment Manager and certain other persons:

- some of the Track Record information included in this Prospectus was generated, where noted, in respect of different funds managed by the Investment Manager in different circumstances, and the people involved in managing those funds may differ from those who will manage the Company's investments;
- results can be positively or negatively affected by market conditions beyond the control of the Company and the Investment Manager;
- it is possible that the performance of the investment described in this Prospectus has been affected by exchange rate movements during the period of the investment;
- differences between the Company and the circumstances in which the Track Record information was generated include (but are not limited to) all or certain of: actual acquisitions and investments made, investment objective, fee arrangements, structure (including for tax purposes), terms, leverage, geography, performance targets and investment horizons. All of these factors can affect returns and impact the usefulness of performance comparisons and as a result, none of the historical information contained in this Prospectus is directly comparable to the Issue or the returns which the Company may generate;

- the Company may be subject to taxes on some or all of their earnings in the various jurisdictions in which they invest. Any taxes paid or incurred by the Company and intermediate holding entities will reduce the proceeds available from the sale of an investment to make future investments or distributions and/or pay the expenses and other operating costs of the Company; and
- market conditions at the times covered by the Track Record may be different in many respects from those that prevail at present or in the future, with the result that the performance of portfolios originated now may be significantly different from those originated in the past. In this regard, it should be noted that there is no guarantee that these returns can be achieved or can be continued if achieved.

No representation is being made by the inclusion of the investment examples and strategies presented herein that the Company will achieve performance similar to the investment examples and strategies herein or avoid losses. There can be no assurance that the investment examples and strategies described herein will meet their objectives generally, or avoid losses. Past performance is no guarantee of future results.

### **Taxation and accounting**

Any change in the Company's tax status or in taxation legislation or accounting practice 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. Representations in this Prospectus concerning the taxation of Shareholders are based upon tax law and practice as at the date of this Prospectus, which are, in principle, subject to change (possibly with retrospective effect). Any change in accounting standards may adversely affect the value of the Company's assets and liabilities in its books of account or restrict the ability of the Company to pay dividends.

A guide to the general UK taxation position as at the date of this Prospectus is set out in Part 6 (*UK Taxation*) of this Prospectus.

### **Tax Reporting, FATCA and CRS**

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

### **Defined Terms**

Capitalised terms contained in this Prospectus have the meanings ascribed to them in Part 8 (*Definitions*) of this Prospectus, save where the context indicates otherwise.

### **Documents incorporated by reference**

The following sections of the annual report and audited financial statements of the Company for the financial year ended 31 March 2023 and 31 March 2022 are deemed relevant for the purposes of this Prospectus and are incorporated by reference into this Prospectus. The non-incorporated parts of these financial reports of the Company are either not relevant to investors or are covered elsewhere in this Prospectus.

- the sections listed in the section titled "*Historical financial information*" of Part 5 (*Financial information*) of this Prospectus; and
- the sections listed in the section titled "*Operating and financial review*" Part 5 (*Financial information*) of this Prospectus.

Any statement contained in the 2023 Annual Report or the 2022 Annual Report which is incorporated by reference herein, shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein (or in the later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The documents incorporated by reference can be obtained from the Company's website, [www.shiresincome.co.uk](http://www.shiresincome.co.uk).

**Governing law**

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

## EXPECTED TIMETABLE

2023

### GENERAL MEETING

Publication of Shires Circular, Forms of Proxy and Letters of Direction for abrdn Share Plan holders for the General Meeting	17 October
Latest time and date for receipt of Letter of Direction for abrdn Share Plan holders for the General Meeting	12.00 p.m. on 13 November
Latest time and date for receipt of Forms of Proxy for the General Meeting	12.00 p.m. on 16 November
General Meeting	12.00 p.m. on 20 November
Announcement of results of the General Meeting	20 November

### SCHEME

Publication of this Prospectus	17 October
First ASCI General Meeting	2.00 p.m. on 20 November
Record Date for entitlements under the Scheme	6.00 p.m. on 24 November
ASCI Shares disabled for settlement in CREST	6.00 p.m. on 27 November
Suspension of listing of ASCI shares	7.30 a.m. on 27 November
Calculation Date for the Scheme	5.00 p.m. on 27 November
Reclassification of the ASCI Shares	8.00 a.m. on 30 November
Suspension of listing of Reclassified ASCI Shares and ASCI's register closes	7.30 a.m. on 1 December
Second ASCI General Meeting	9.30 a.m. on 1 December
Effective Date for implementation of the Scheme	1 December
Announcement of results of the Scheme and respective FAVs per Share	1 December
Admission and dealings in the New Shares commence CREST accounts credited to ASCI Shareholders in respect of New Shares issued in uncertificated form	as soon as practicable after 8.00 a.m. on 4 December
Certificates despatched by post in respect of New Shares issued in certificated form	not later than 10 Business Days from the Effective Date
Cancellation of listing of ASCI Shares	as soon as practicable after the Effective Date

### Notes:

- (1) References to times above and in this Prospectus generally are to London times unless otherwise specified.
- (2) All times and dates in the expected timetable and in this Prospectus may be adjusted by the Company. Any material changes to the timetable will be notified through a RIS.

## ISSUE STATISTICS

### Number of New Shares to be issued

Based on a ratio between the Shires FAV per Share and the ASCI FAV per Share of 0.964446 (which, in turn, is based on the Company's NAV and the ASCI NAV (each at 13 October 2023) and adjusted as set out in this Prospectus), (and for illustrative purposes) the Scheme would result in the issue of 13,086,179 New Shares<sup>(1)</sup> assuming 25 per cent. of ASCI shareholdings elect for the Cash Option.

## DEALING CODES

ISIN	GB0008052507
SEDOL	0805250
Ticker code	SHRS
Legal Entity Identifier (LEI) of the Company	549300HVCIHQNZAYA89

---

<sup>(1)</sup> This is illustrative only. The number of New Shares to be issued pursuant to the Issue is not known at the date of this Prospectus and will depend on the ratio of ASCI FAV per Share divided by the Shires FAV per Share, multiplied by the number of applications for New Shares made by the ASCI Shareholders which are received and accepted by the Company. For the purposes of the illustration, it is assumed that no ASCI Shareholders exercise their right to dissent from participation in the Scheme. The total number of New Shares to be issued pursuant to the Issue will be notified by way of an RIS announcement on or around 1 December 2023.

## DIRECTORS, AIFM, INVESTMENT MANAGER AND OTHER ADVISERS

<b>Directors (all non-executive)</b>	Robert Talbut ( <i>Chairman</i> ) Robin Archibald Jane Pearce Helen Sinclair  All of the registered office below
<b>Registered office</b>	280 Bishopsgate, London EC2M 4AG
<b>Website of the Company Investment Manager</b>	<a href="http://www.shiresincome.co.uk">www.shiresincome.co.uk</a> abrdrn Investments Limited (company number SC108419) 1 George Street Edinburgh EH2 2LL  Telephone number: +0808 500 0040 Website: <a href="http://www.abrdrn.com">www.abrdrn.com</a>  <i>Authorised and registered by the FCA in the UK</i>
<b>AIFM</b>	abrdrn Fund Managers Limited (company number 00740118) 280 Bishopsgate London EC2M 4AG  Telephone number: +0131 371 2200 Website: <a href="http://www.abrdrn.com">www.abrdrn.com</a>  <i>Authorised and registered by the FCA in the UK</i>
<b>Company Secretary</b>	abrdrn Holdings Limited (company number SC082015) 1 George Street Edinburgh EH2 2LL
<b>Registrar and Receiving Agent</b>	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA  Website: <a href="http://www.equiniti.com/">http://www.equiniti.com/</a>
<b>Sponsor and Financial Adviser</b>	J.P. Morgan Securities plc 25 Bank Street London E14 5JP
<b>Legal Advisers to the Company</b>	<i>Authorised and Regulated by the FCA under FSMA</i> Dentons UK and Middle East LLP One Fleet Place London EC4M 7WS

**Legal advisers to the Sponsor  
and Financial Adviser**

Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU

**Depositary**

BNP Paribas Trust Corporation UK Limited  
10 Harewood Avenue  
London  
NW1 6AA

Telephone number: +020 7595 2000  
LEI: 213800KT15HFNQBALZ91

**Auditor**

*Authorised and regulated by the FCA*  
Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

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

**Reporting Accountant**

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG

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

## PART 1

### THE COMPANY AND THE INVESTMENT MANAGER

#### 1. INTRODUCTION

Shires Income plc is a closed-ended investment company incorporated in England and Wales on 28 March 1929 with registered number 00386561, with an unlimited life and registered as an investment company under section 833 of the Companies Act 2006. The Company's Ordinary Shares are listed on the premium segment of the Official List and traded on the main market of the London Stock Exchange.

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

The Board has outsourced the day-to-day investment management, risk management and administration and company secretarial services as well as promotional activities of the Company to abrdn and other third party providers.

The Company has appointed abrdn Fund Managers Limited as its alternative investment fund manager under the terms of the Management Agreement for the purposes of the UK AIFM Regulations. The AIFM has delegated its portfolio management responsibilities to the Investment Manager by way of a delegation agreement in place between the AIFM and the Investment Manager. The Company's portfolio managers are Iain Pyle and Charles Luke.

A summary of the Management Agreement is set out in paragraph 7.1 of Part 7 (*General Information*) of this Prospectus. Both the AIFM and the Investment Manager are wholly owned subsidiaries of abrdn plc.

#### 2. INVESTMENT OBJECTIVE

The Company's investment objective is to provide Shareholders with a high level of income, together with the potential for growth of both income and capital, from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities.

#### 3. INVESTMENT POLICY, BORROWING AND GEARING AND INVESTMENT RESTRICTIONS

##### 3.1 Investment Policy

The Company's current investment policy is to invest principally in the ordinary shares of UK quoted companies, and in preference shares, convertibles and other fixed income securities with above average yields. The Company generates income primarily from ordinary shares, preference shares, convertibles and other fixed income securities. It also generates income by writing call and put options on shares owned, or shares the Company would like to own. By doing so, the Company generates premium income.

##### *Gearing*

The Directors are responsible for determining the gearing strategy of the Company. Gearing is used with the intention of enhancing long-term returns. It is subject to a maximum equity gearing level of 35 per cent. of net assets at the time of drawdown. Any borrowing except in relation to short-term liquidity requirements is used for investment purposes.

In accordance with the Listing Rules, the Company will not make any material change to its published investment policy without the prior approval of the FCA and the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a RIS. Any proposed changes to the Company's investment policy are also required to be notified to HMRC in advance of the filing date for the accounting period in which the investment policy is revised (together with details of why the change does not impact the Company's status as an investment trust).



### **3.2 Diversification of risk and investment restrictions**

In order to ensure adequate diversification, limits are set within the investment policy which the AIFM and Investment Manager must operate. All of these limits are measured at the point of acquisition of investments, unless otherwise stated and will apply as at the Effective Date, as follows:

#### ***General investment limits***

- a maximum of 10 per cent. of total assets may be invested in the equity securities of overseas companies.
- a maximum of 7.5 per cent. of total assets may be invested in the securities of one company (historically excluding ASCI).
- any investment must not represent more than 5 per cent. of a quoted investee company's ordinary shares (historically excluding ASCI); and
- a maximum of 10 per cent. of total assets invested directly in AIM holdings.

#### ***Limits in relation to preference shares***

- a maximum of 7.5 per cent. of total assets may be invested in the preference shares of any one company.
- the Company may not hold more than 10 per cent. of any investee company's preference shares.

#### ***Limits in relation to traded options contracts***

There are principal guidelines put in place to manage the risks associated with these contracts, including:

- Call options written are to be covered by stock;
- Put options written are to be covered by net current assets/borrowing facilities;
- Call options are not to be written on more than 10 per cent. of the equity portfolio; and
- Put options are not to be written on more than 10 per cent. of the equity portfolio.

The Board assesses on a regular basis with the Investment Manager the applicability of these investment limits, the use of gearing and risk diversification, whilst aiming to meet the overall investment objectives of the Company.

### **3.3 Preference shares**

The Company invests in preference shares, primarily to enhance the income generation of the Company. The majority of these investments are in large financial institutions. Issue sizes are normally relatively small and the underlying securities are relatively illiquid by comparison with the equity component of the portfolio.

### **3.4 Traded options contracts**

The Company enters into traded option contracts primarily to enhance the income of the Company. Call options are covered by stock and put options are written to be covered by net current assets/borrowing facilities as set out above.

### **3.5 Dividends**

The Company does not have any formal policy to achieve any specified level of dividend in any year. The Company's practice is to pay three interim dividends per year, together with a final dividend approved at its annual general meeting held in or around July each year. As far as practical the interim dividends are paid at the same amount, re-calibrated from time to time, with the final dividend set according to the net income outcome for the year and taking account of income outlook.

The investment objective of the Company is to provide shareholders with a high level of income, together with the potential for growth of both income and capital, from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities.

The Board's approach is to aim for total dividends paid in the year to be covered by net earnings for the period and that the Company has revenue reserves which can be applied to allow the Company to support future dividend payments in times of economic difficulties. The Company has the flexibility to pay dividends from its realised capital reserves, although the Board has no current intention of making use of this flexibility.

Subject to unforeseen circumstances, it is proposed to continue to pay three quarterly interim dividends of 3.20 pence each per Ordinary Share during the current financial year. The Board will determine the final dividend for 2024 having reviewed the full year results, taking into account the general outlook for the Portfolio's investment income at that time.

The Company paid total Ordinary Share dividends of 14.20 pence over the last financial year ended 31 March 2023, which equated to a dividend yield of 5.7 per cent. on the year end share price of 250.00 pence. In terms of dividend progression, the Company has paid total Ordinary Share dividends of 13.20 pence (2020), 13.20 pence (2021), 13.80 pence (2022) and 14.20 pence (2023) in respect of each of the past five financial years. For the past two financial years, the Ordinary Share dividends have been covered by revenue earnings per shares and, as at 31 March 2023, the value of revenue reserve represented 1.05 times the annual dividend cost.

### **3.6 Promotional activities**

The Company promotes its Ordinary Shares to a broad range of investors with a particular focus on those that have the potential to be long-term supporters of the investment strategy. The Company achieves this primarily through participating in abrdrn's investment trust promotional programme. In addition, abrdrn's investment trust investor relations and sales team, in conjunction with the Company's corporate broker, promote the Ordinary Shares through regular contact with both current and potential investors.

The Company benefits from abrdrn's wider marketing of investment companies targeted at all types of investors; this includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on both the Company's website but also the abrdrn Investment Trust centre's website.

The Board has the discretion to seek to manage the discount or premium at which the Ordinary Shares trade relative to the underlying Net Asset Value by providing liquidity to the market through either the issuance or buy back of shares to meet investor demand.

### **3.7 Issuance, buy back of Ordinary Shares and use of treasury**

The Company may issue new Ordinary Shares if there is demand in the market and issuance is at a premium to the prevailing net asset value. At the Company's annual general meeting, held on 6 July 2023, the Company was granted authority to issue up to 3,096,458 Ordinary Shares (representing 10 per cent of the Company's issued share capital) on a non-pre-emptive basis. Shareholder approval is being sought to extend this issuance authority to take account of expanded equity capital following the Scheme.

The issuance of new Ordinary Shares is entirely at the discretion of the Board, and no expectation or reliance should be placed on such discretion being exercised on any one or more occasions or as to the number of new Ordinary Shares that may be issued.

The Directors take annual authority to repurchase up to 14.99 per cent. of the Company's issued ordinary share capital.

The Directors will consider repurchasing Ordinary Shares in the market if they believe it to be in Shareholders' interests and as a means of correcting any imbalance between the supply of and demand for the Ordinary Shares.

Purchases of Ordinary Shares will only be made through the market at prices (after allowing for costs) below the latest published Net Asset Value per Ordinary Share and otherwise in accordance with guidelines established from time-to-time by the Board. Under the current Listing Rules, the maximum price that may be paid by the Company on the purchase of any Ordinary Shares pursuant to a general authority is 105 per cent. of the average of the middle market quotations for the Ordinary Shares for the five Business Days immediately preceding the date of purchase or, if higher, that stipulated by article 5(6) of the Market Abuse Regulation. The minimum price will not be below the nominal value of one penny in respect of the Ordinary Shares.

Any Ordinary Shares repurchased pursuant to the general buy-back authority will be held in treasury. These shares may be subsequently cancelled or sold for cash. The Board intends to authorise the sale of Ordinary Shares from treasury only at prices at or above the latest published Net Asset Value per Ordinary Share (plus costs of the relevant sale).

The Company has bought back 445,492 shares since 31 March 2023 at an aggregate cost of £1,012,368. This was the first buy back for over 50 years which the Board believes reflects general weakening market conditions for investment companies and ratings in their shares. These recent buy backs reflect the Board’s discretion being applied to using buy back when it is considered in the best interest of Shareholders and appropriate to the market conditions at the time.

**3.8 Gearing**

The Company’s borrowings (net of cash) was £17.8 million debt at par and £17.2 million debt at fair value as at 13 October 2023 (being the latest practicable date before publication of this Prospectus).

The Company has in place a £20 million loan facility with The Royal Bank of Scotland International Limited London Branch. The facilities agreement was put in place on 3 May 2022 and is due to mature in April 2027. As at the latest practicable date, £10 million of the loan has been drawn down and fixed at an all-in rate of 3.903% and £9 million has been drawn down on a revolving basis.

**3.9 Leverage**

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

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

Company actual UK AIFM Regulations leverage at 31 March 2023		Company permitted UK AIFM Regulations leverage limit	
Gross	Commitment	Gross	Commitment
1.45:1	1.46:1	2.50:1	2.00:1

There have been no breaches of the maximum level during the last financial year to 31 March 2023 and no changes to the maximum level of leverage employed by the Company. There have been no changes in the circumstances in which the Company may be required to post assets as collateral and no guarantees granted under the leveraging arrangement. Changes to this information, the maximum level of leverage which the AIFM may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the UK AIFM Directive.

Net gearing measures total borrowings less cash and cash equivalents divided by shareholders' funds, expressed as a percentage. Under AIC reporting guidance, cash and cash equivalents includes net amounts due to and from brokers at the period end as well as cash and short-term deposits. As at the latest practicable date the net gearing of the Company was 24.5 per cent.

#### 4. AIFM AND THE INVESTMENT MANAGER

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

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

The AIFM is a wholly owned subsidiary of abrdn plc, a leading independent global investment management company incorporated in the United Kingdom with global headquarters in Edinburgh, UK. abrdn plc had assets under management and administration at 30 June 2023 of £496 billion (31 December 2022: £500 billion). It is a public company listed on the London Stock Exchange under the symbol ABDN. It has a significant presence in the retail and institutional markets within the investment management industry and manages for a range of clients including 19 UK listed closed-ended investment companies.

Pursuant to a delegation agreement between the AIFM and the Investment Manager, the AIFM has delegated day-to-day portfolio management of the Company's portfolio to the Investment Manager, abrdn Investments Limited. The Investment Manager manages the Portfolio and the Company's investments in accordance with the Company's investment objective and policy, and subject to the overall supervision of the Directors and the investment guidelines laid down by the Board from time to time.

A summary of the Management Agreement is set out in paragraph 7.1 of Part 7 (*General Information*) of this Prospectus.

##### 4.1 Risk Controls

The directors of the AIFM collectively assume responsibility for their obligations under the UK AIFM Directive including reviewing investment performance and monitoring the Company's risk profile during the year.

The AIFM is a fully integrated member of the abrdn Group (the Group), which provides a variety of services and support to the AIFM, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to abrdn Investments Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors. The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group's CEO and to the Audit Committee of the Group's board of directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The AIFM conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Chief Risk Officer, who reports to the Group's CEO. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system (**SHIELD**).

The Group's corporate governance structure is supported by several committees to assist the board of directors of abrdn, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations.

## **4.2 Environmental, Social and Governance (ESG) Engagement**

The Board relies on its Investment Manager to apply appropriate ESG principles to how the Portfolio is constructed and managed within the confines of its investment objective and policy. Having an income objective means that the Company acquires investments which typically provide a higher than average yield which in some cases means more exposure to older industries such as energy and consumables, ESG principles are applied in deciding on a specific investment within these more mature industries as it is evident that the possibility of engagement by the Investment Manager can lead to changes to their business models to account for social and environmental responsibilities, irrespective of government interventions.

Although ESG factors are not the overriding criteria in relation to the investment decisions taken by the Investment Manager, significant prominence is placed on ESG and climate-related factors throughout the investment process.

## **4.3 Active Engagement**

The Board considers that the Company has a responsibility as a shareholder towards ensuring that high standards of corporate governance are maintained in the companies in which it invests. To achieve this, the Board does not seek to intervene in daily management decisions, but aims to support high standards of governance and, where necessary, will take the initiative to ensure those standards are met. The principal means of putting shareholder responsibility into practice is through the exercise of voting rights. The Company's voting rights are exercised on an informed and independent basis.

The Company's stewardship functions have been delegated to the Investment Manager, which has adopted a clear and considered policy towards its responsibility as a shareholder on behalf of the Company. As part of this policy, the AIFM and the Investment Manager takes steps to satisfy itself about the extent to which the companies in which it invests look after shareholders' value and comply with local recommendations and practices, such as the UK Corporate Governance Code.

## **5. TAXATION**

A summary of certain limited aspects of UK taxation applicable to the Company and Shareholders is contained in Part 6 (*UK Taxation*) of this Prospectus. If any ASCI Shareholder is in any doubt about the tax consequences of his/her acquiring, holding, disposing or conversion of New Shares, he/she should seek advice from his/her own independent professional advisers.

## **6. FINANCIAL INFORMATION**

The audited annual financial statements of the Company are drawn up in pounds Sterling and prepared in accordance with UK adopted International Accounting Standards. They include a statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, related notes and any additional information that the Board deems appropriate or that is required by applicable law.

The Company's annual report and financial statements are prepared up to 31 March each year and ordinarily copies are sent to Shareholders within three months of the year-end. The Company's annual accounting reference date is 31 March and the Company's current accounting period will end on 31 March 2024. Shareholders also receive a half-year report and unaudited interim financial statements covering the six months to 30 September each year which is usually despatched within two months of that date.

In accordance with the UK AIFM Regulations, the AIFM will ensure that the following financial information in relation to the Portfolio is published in the Company's annual report:

- (a) the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- (b) any new arrangements for managing the liquidity of the Company;
- (c) the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks;

- (d) any changes to the maximum level of leverage which the AIFM may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement. The Company will, in addition, notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement through a RIS; and;
- (e) the total amount of leverage employed by the Company.

## **7 NAV CALCULATIONS AND VALUATION POLICY**

Under the Management Agreement, the AIFM is responsible for calculating the NAV per Share. The AIFM has sub-delegated this responsibility to abrdn Investments Limited who in turn sub-delegated this responsibility to the Administrator.

The unaudited NAV per Share is calculated on each Dealing Day (on a cum-income basis) by the Administrator and is announced by the Company Secretary through a RIS the following day.

Unless otherwise disclosed, the NAV is calculated in accordance with the recommendations of the AIC. In particular:

- (i) financial assets have been valued on a fair value basis using bid prices, or, if more appropriate, a last trade basis;
- (ii) debt is valued at par and, where applicable, debt is also separately valued at market value;
- (iii) diluted NAVs are disclosed where applicable (for this purpose, treasury shares are excluded for the purposes of calculation); and
- (iv) provisions for performance fees are included where applicable.

The Board may determine that the Company temporarily suspend the determination of the NAV per Share when the prices of any investments owned by the Company cannot be promptly, accurately or without undue expenditure, ascertained. Any suspension in the calculation of the NAV will be notified to Shareholders through a RIS as soon as practicable after such suspension occurs. The Company may delay public disclosure of the NAV to avoid prejudice to its legitimate interests, provided that such delay would not be likely to mislead the public and the Company has put in place appropriate measures to ensure confidentiality of that information.

For the purposes of valuing its investments the Company has chosen to apply the recognition and measurement provisions of UK adopted International Accounting Standards.

## **8 REGULATORY ENVIRONMENT AND DIRECTOR DEALINGS**

As a company who has shares are admitted to trading on the Main Market, the Company complies with all of the provisions of UK MAR and the Disclosure Guidance and Transparency Rules which are applicable to it. The Directors have adopted a share dealing code that is compliant with UK MAR. The Board is responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors and other persons discharging managerial responsibilities (PDMRs).

The Disclosure Guidance and Transparency Rules provide that certain persons (including Shareholders) must notify the Company if the proportion of the Company's voting rights which they then hold directly or indirectly as a Shareholder or through a direct or indirect holding of certain financial instruments reaches, exceeds or falls below thresholds of three per cent., four per cent., five per cent., six per cent., seven per cent., nine per cent. and ten per cent. and each one per cent thereafter up to 100 per cent.

## PART 2

### INVESTMENT STRATEGY AND PORTFOLIO

#### 1. THE INVESTMENT STRATEGY

The investment goals for the Investment Manager are twofold: to deliver an above average yield relative to the FTSE All Share; and to maintain the potential for capital growth over the medium to long term. The strategy aims to deliver these outcomes by investing primarily in UK equities, enhanced by investment in select overseas equities, preference shares and with a small option writing program to enhance income.

The Investment Manager seeks to assemble a high-quality portfolio from both a qualitative and quantitative perspective. The Investment Manager believes that the market often systematically underestimates the sustainability of returns from high quality companies. High quality companies have fewer tail risks (and a greater margin of safety to those risks), produce less volatile earnings streams (which are more resilient and sustainable) and can better navigate an uncertain future, including capitalising on the inherent opportunities that offers to create value. The Investment Manager assesses quality through the durability of the business model, the attractiveness of the industry, the strength of the company's financials, the capability of management and an assessment of ESG risks. ESG is a core component of the fundamental research process that the Investment Manager undertakes as a sustainable business model is fundamental to longer term success.

The UK equity universe is particularly attractive for income investing. It has an attractive headline yield by comparison to other developed markets. As at 29 September 2023, the FTSE All Share had a 12 month dividend yield of 3.81 per cent. In comparison, the 12-month dividend yield of the FTSE All World Index (£) was 2.19 per cent. at the same date. In addition, the UK market provides access to a wide range of companies that are demonstrating growth, including from technological and environmental change and UK listed companies have a high level of governance.

A number of overseas equities are held within the Portfolio, with a limit of up to 10 per cent. of total assets. This allocation provides diversification of income and access to differentiated business models not available in the UK equity market. Selection of overseas equities is informed by close discussion with the Investment Manager's regional equity teams.

The Investment Manager's philosophy is that markets are not always efficient. It believes that superior investment returns are attainable by identifying good companies with attractive valuations, defined in terms of the fundamentals that, in the Investment Manager's opinion, drive share prices over the longer term. The Investment Manager undertakes substantial due diligence before initiating any investment, including company visits, in order to be assured of the quality of the prospective investment and this degree of diligence continues after an investment is made.

#### ***Differentiation***

The investment strategy can be differentiated it from its peers in four key ways:

- invests in higher yielding preference shares to provide stable income
- holds select overseas equities for diversification
- has access to higher growth companies through small and mid cap exposure
- enhances income with a small option writing programme

The aim is to provide an above average yield, from an appropriately diversified high-quality Portfolio, with an emphasis on total return and the management of risk. The investment strategy is also influenced by having structural gearing in place and the aim to provide a sustainable and growing income.

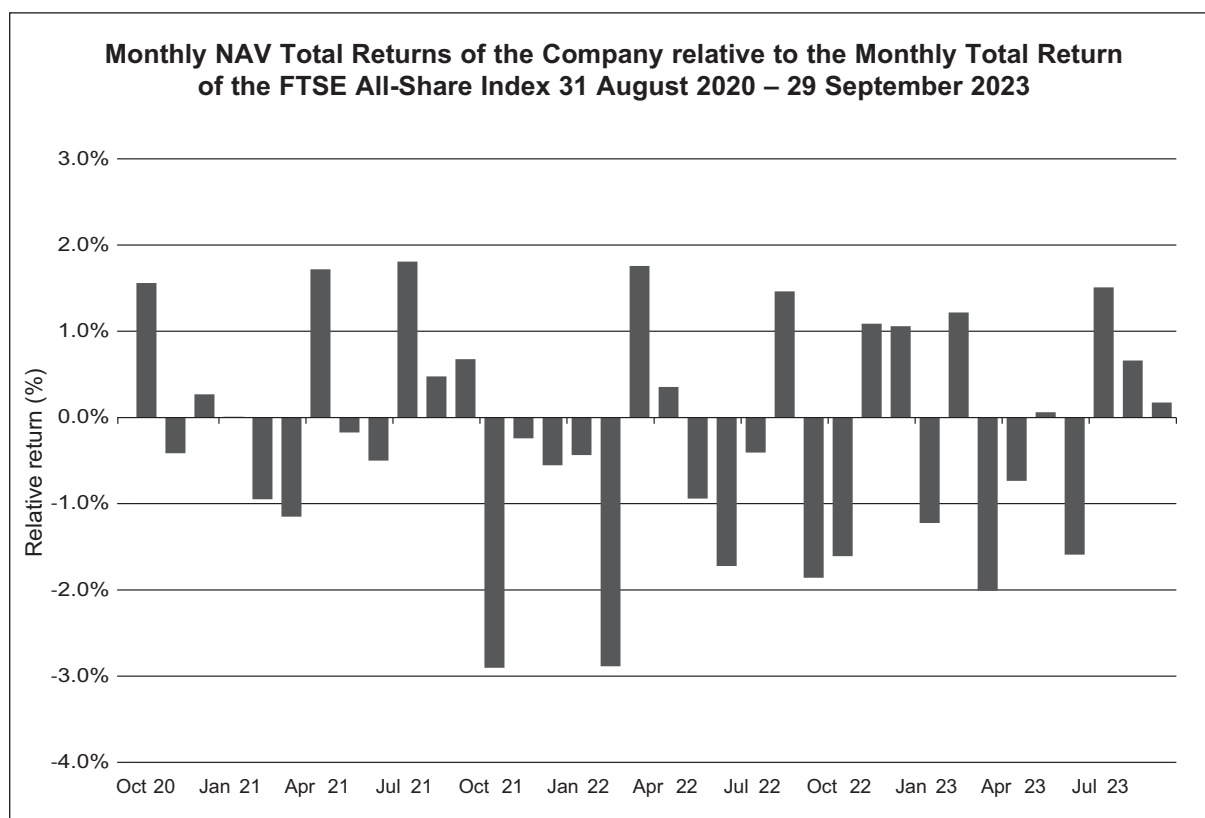
### Stable Income

The Company enhances income by investing in preference shares alongside the equity positions. As at 31 March 2023, 78.4 per cent. of the Portfolio was invested in equities and 21.6 per cent. was invested in preference shares. The preference shares have debt-like characteristics in that they tend to reflect bond yields with a coupon that ranks ahead of dividend payments. They are, therefore, high yielding instruments that provide some stability to the income within the Portfolio. The perpetual nature of the preference shares gives a high degree of visibility on income generation from this portion of the Portfolio.

### Diversification

The Company is differentiated by its focus on high quality companies, its midcap and overseas holdings, its holdings in preference shares and the additional independent income stream from option writing. These factors also provide diversification of income and capital returns. Exposure of the Portfolio by company and by sector is diversified.

The Company deploys gearing for the benefit of long-term performance. Combining these attributes provides a Portfolio with an attractive yield with above average dividend growth, the ability to capture structural growth, and capital and income resilience. Historical performance has demonstrated good risk-adjusted returns with low volatility. The chart below demonstrates the profile of returns on a long-term basis in both up and down markets, including coping with extreme market turbulence as evidence in the last few years with covid, high inflation and the recent increases in interest rates. As can be seen there is a strong focus on downside protection and capital preservation with the Portfolio outperforming its benchmark, the FTSE All Share Index, in down markets while in up markets it broadly performs in line with the market. The focus on high quality companies with strong balance sheets provides resilience in downmarkets but at the same time the growth characteristics of these high quality companies allows the Portfolio to participate when the market rises.



Source: abrdn, 13 October 2023 (being the latest practicable date for this data).



### **High growth companies**

In contrast to many UK Equity Income instruments, the Investment Manager employs a genuine multi-cap investment style and invests on a size agnostic basis. The Portfolio has maintained a material exposure to UK listed small and mid-cap companies over time, with a weighting to these market segments materially above the benchmark. Historically, this has been partially provided through its investment in ASCI and in future will be provided entirely through direct investment in investee companies. Irrespective of this change the manager expects to maintain a significant weight to small and midcap UK listed companies. This is an area of the market where the Investment Manager sees strong capital and dividend growth potential and where the Investment Manager is more likely to find underappreciated companies not fully covered by other market participants. The Investment Manager has an experienced small-cap specialist team with a track record of success and leverages this capability in finding small cap income ideas for the Portfolio. The specialist small cap team will continue to provide input to the Company's portfolio construction.

### **Option writing**

The Portfolio yield is supplemented through the modest use of derivatives in the form of covered options. This provides an additional uncorrelated, diversified income stream in parallel with the investment approach, enabling investment in companies with lower yields but better capital and dividend growth prospects. The option writing strategy is implemented through exchanged trade and over the counter European style options written on the basis of fundamental analysis to top slice or top up holdings. Exposure is typically 25 basis points per investment with options written circa 5 per cent. out of the money with a one to three month duration. Income from traded option premiums was £0.073 million in the financial year ended 31 March 2023, representing 1.28 per cent. of total income<sup>(1)</sup>. It is not expected to be a material part of the investment strategy going forward, more a boost to income generation.

## **2. DELIVERY OF THE INVESTMENT OBJECTIVES**

### **Performance**

The Company measures performance against the FTSE All Share Index benchmark. The table below sets out the Company's relative performance against the benchmark over the various time horizons and while the factors influencing performance have differed over each period, the relative underperformance has, in part, been driven by the Company's preference share portfolio and the holding in ASCI which in turn was influenced by the rating of ASCI's own shares rather than the performance of the underlying small cap investments. Given the aim of the Company is to deliver a high level of income, the UK Equity Income sector is used as an additional comparator, with the Company outperforming the sector over the long term (five years and since inception). The Board continuously monitors performance including ongoing engagement with the AIFM to understand the drivers behind any relative performance (both outperformance and underperformance) and the actions being taken. Sustainability of income has been and will continue to be front and central to how the Company invests which will inevitably result in periods where total return might lag when capital growth predominates in relative indices.

### **Cumulative performance<sup>(2)</sup>**

	<b>6 months (%)</b>	<b>1 year (%)</b>	<b>3 years (%)</b>	<b>5 years (%)</b>	<b>10 years (%)</b>
Company NAV Total Return	(4.5)%	9.2%	22.8%	25.3%	70.6%
Company Share Price Total Return	(9.0)%	2.8%	25.8%	22.9%	61.7%
FTSE All Share Index Total Return	(1.9)%	13.9%	35.8%	27.2%	69.7%

<sup>(1)</sup> Past performance is not an indicator of future performance. The income received may go down as well as up

<sup>(2)</sup> Source: Refinitiv Datastream. Data to 13 October 2023. NAV total returns calculated with debt valued at fair value. Total return calculations assume dividend reinvestment as at the ex-dividend date. Past performance is not a reliable indicator of future results.

### **Dividend performance**

The Company paid total Ordinary Share dividends of 14.20 pence over the last financial year ended 31 March 2023, which equated to a dividend yield of 5.7 per cent. on the year end share price of 250.00 pence.

Over the last ten years the Company has sustained and grown its income and dividends as demonstrated in the table below:

Year to 31 March	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net revenue										
earnings per										
Ordinary Share (p)	12.6	12.9	12.1	13.1	13.7	13.1	13.0	12.3	14.2	14.8
Dividends per										
Ordinary Share (p)	12.00	12.25	12.25	12.75	13.00	13.20	13.20	13.20	13.80	14.20

This first interim dividend of 3.2p per Ordinary Share for the Company for the financial year to 31 March 2024 was announced on 13 September 2023. It is payable on 27 October 2023 to Shareholders on the register at close of business on 6 October 2023 (ex-dividend date 5 October 2023).

### **Outlook**

The outlook for equity markets in general, and for the UK market in particular, is currently highly dependent on macro-economic factors. Specifically, we are in a period heavily influenced by high inflation and by a sharp rise in interest rates after an extended period of low inflation and consistently declining interest rates. The outcome for equity markets will depend on the future path for interest rates, which will in turn be driven by economic growth and inflation.

The Investment Manager's view is that we are now approaching the end of the rate rise cycle in developed markets: current interest rates in the US, EU and UK are relatively high and, in time, should be effective in restricting growth and excess demand. The significant lag in this effectiveness compared to history makes rate setting particularly difficult however, and central banks are likely to err on the side of caution and maintain rates at high levels for some time. That said, the Investment Manager also believes that the target rate scenario is not consistent with recent years: a period of rates below 2 per cent. (or even negative in some cases) was the anomaly, rather than the current environment of rates around 5 per cent. and the Investment Manager expects developed markets interest rates to settle in a 3-3.5 per cent. range. This has an implication for equity valuations which have not yet fully adjusted to reflect the end of the low interest rate environment. Inflation is also likely to be more persistent than the market expects. Although temporary effects of high energy and input costs caused by the Russia/Ukraine conflict will pass, core inflation remains stubbornly high and deflationary forces seen over the last decade are reversing. Benefits of globalisation and access to cheap international labour are no longer deflating input costs and demographic trends are less favourable in most economies. Energy costs are likely to remain higher due to lack of investment, increased global demand and the investment requirement of energy transition.

The implication of this for overall market levels is likely moderately negative in the medium term, particularly if economic slowdown leads to a recession in 2024 (something which the Investment Manager would give a non-committal 50 per cent. chance of happening), although the Investment Manager remains reasonably positive on underlying economic growth). Current market levels, as measured on forward earnings multiples, are high even on a sector adjusted basis and corporate profit margins are elevated compared to history and unlikely to expand further. While optimism on interest rate reductions and continued short term economic growth can support market levels in the short-term the Manager believes there is unlikely to be a repeat of the unprecedented move higher in market levels that has occurred in recent years.

While cautious on overall market levels, the Investment Manager believes it is important to highlight the relative attractions of the UK equity market at this stage. The UK trades at a record discount to other developed markets and at a record high dividend yield differential. This creates a margin for error in investment and is hard to justify in the Investment Manager's view – we see the UK as an opportunity rich market at the moment. The withdrawal of liquidity from the UK market has also created a particular discount for mid and small cap equities, creating buying opportunities for those willing to do the work and to take a longer term view. The joy of income investing is that the Company will be paid to wait.

This outlook has implications for portfolio construction which the Investment Manager tries to reflect in the Company's holdings. Overall, the Company aims to deliver resilient income from a diversified portfolio with stock selection based on individual company analysis – this remains the case whatever the outlook.

The Investment Manager's outlook influence positioning in a number of ways. The view that market levels are elevated is reflected in defensive positioning and a current beta of less than one for the portfolio. It also supports the Company's weighting towards quality companies that can perform better in downturns and it is why the Investment Manager continues to target a high level of income. In the Investment Manager's opinion, income as a component of total investment return will be significantly more important in the next decade than it was in the last. The view that inflation will remain persistent and rates will remain higher than many expect is reflected in an allocation to value sectors with strong cash characteristics and which can be good inflation hedges (energy and banks in particular). The valuation discount in the UK means the Company remains heavily weighted to the home market, but with revenues from portfolio companies appropriately diversified across international markets. While the Investment Manager follows a size-agnostic investment approach, current valuation opportunities in small and mid caps mean the Portfolio is overweight these parts of the market.

Overall, being realistic, the outlook for financial markets and equities is uncertain. The Investment Manager does not expect the next investment cycle to be a repeat of the last one and invests accordingly, but the focus on delivering resilient income and long term capital growth remains. a constant.

### 3. THE COMPANY'S PORTFOLIO

#### *Portfolio summary*

As at 13 October 2023, the Portfolio comprised 56 equity holdings and 5 fixed income holdings with a gross valuation of £92.2 million.

The Portfolio included 7 holdings listed on exchanges outside of the UK, representing 7.70 per cent. of the Portfolio valuation.

On a market capitalisation basis, the Portfolio was 46.7 per cent. large cap (companies with a market cap above £4.0 billion), 21.5 per cent. midcap (companies with a market cap below £4.0 billion and above £0.5 billion) and 14.8 per cent. small cap (companies with a market cap below £0.5 billion).

The following table shows the Company's top ten investments (as a percentage of the Portfolio) as at 13 October 2023.

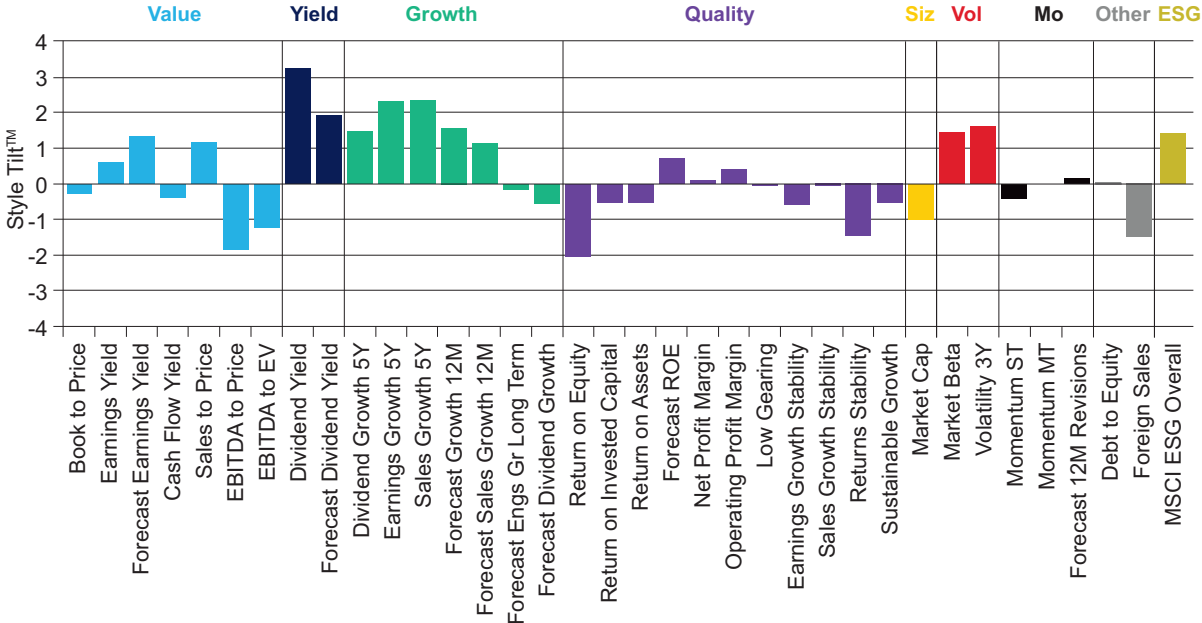
The information in this paragraph 3 is unaudited information on the Company, which has been extracted from the internal management accounting records held by the Company.

Company name	Country	Sector	Percentage of Portfolio (%)
ASCI	United Kingdom	Financials	8.0%
Ecclesiastical Insurance Group Plc	United Kingdom	Financials	5.6%
RSA Insurance Group Plc 7.375%	United Kingdom	Financials	5.0%
Shell Plc	United Kingdom	Energy	4.9%
Astrazeneca Plc	United Kingdom	Health Care	4.3%
General Accident Plc 7.875%	United Kingdom	Financials	4.2%
Santander UK PLC 10.375%	United Kingdom	Financials	4.0%
BP PLC	United Kingdom	Energy	3.6%
Standard Chartered Plc 8.25%	United Kingdom	Financials	3.3%
Diversified Energy Co Plc	United States of America	Energy	3.3%

The following table shows the geographic and sectoral breakdown of the Company's portfolio (as a percentage of Portfolio) as at 13 October 2023.

Country	Percentage of Portfolio (%)	Sector	Percentage of Portfolio (%)
United Kingdom	87.5%	Financials	45.9%
France	4.1%	Energy	16.0%
United States of America	3.3%	Health Care	8.2%
Denmark	1.4%	Utilities	7.2%
Germany	1.0%	Consumer Staples	6.6%
Hong Kong	1.0%	Industrials	4.6%
Bermuda	0.9%	Materials	5.4%
Italy	0.8%	Consumer Discretionary	3.4%
Netherlands	0.7%	Information Technology	1.2%
Norway	0.6%	Real Estate	1.0%
Switzerland	0.5%	Communication Services	0.6%

Figure 3.1 below shows the factor analysis of the Portfolio as at 30 September 2023, highlighting the Quality and ESG characteristics that the investment strategy seeks to capture.



The Enlarged Company's portfolio will, following the Scheme becoming effective, constitute a combination of the Company's Portfolio and the investments apportioned to the Rollover Pool that will transfer to the Company pursuant to the Transfer Agreement. The investments in the Rollover Pool will include only those aligned with the Company's investment policy as at the Effective Date. The assets within the Rollover Pool, and hence the Enlarged Company's portfolio, are not known at the date of this document.

## PART 3

### DIRECTORS, MANAGEMENT AND ADMINISTRATION OF THE COMPANY

#### 1. DIRECTORS

##### 1.1 Directors

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

**Mr Robert Talbut (Chairman):** Robert Talbut was appointed as a Director with effect from 1 April 2015 and as Chairman of the Board in July 2017. He is also the Chair of the Management Engagement Committee. He was formerly Chief Investment Officer of Royal London Asset Management and has over 30 years of financial services experience. He has represented the asset management industry through the chairmanship of both the ABI Investment Committee and the Asset Management Committee of the Investment Association. He has also been a member of the Audit & Assurance Council of the FRC and the Financial Conduct Authority's Listing Authority Advisory Panel. He is Chairman of Schroder UK Mid Cap Fund and a non-executive director of Pacific Assets Trust plc and JPMorgan American Investment Trust PLC, where he is also Chair of the Risk Committee.

**Mr Robin Archibald:** Robin Archibald was appointed as a Director with effect from 1 May 2017 and became Chairman of the Audit Committee and senior independent director on 12 September 2022. He has wide experience in advising and managing transactions in the UK closed-end funds sector over his 35 year career as a corporate financier including with Samuel Montagu, S G Warburg and Natwest Markets. He retired from Winterflood Investment Trusts in May 2014, where he was formerly Head of Corporate Finance and Broking. He is currently audit chair and senior independent director of Capital Gearing Trust PLC and Henderson European Focus Trust plc, and was formerly chair of Albion Technology & General VCT PLC and audit chair and senior independent director of Ediston Property Investment Company, roles he retired from in the last twelve months. Robin was recently appointed as a non executive director of AEW UK REIT. He is a Chartered Accountant.

**Ms Jane Pearce:** Jane Pearce was appointed as a Director with effect from 1 January 2020 and as Chairman of the Remuneration Committee on 12 September 2022. She had an executive career as an equity analyst at leading investment banks and latterly was an equity strategist at Lehman Brothers and Nomura International. She is a non-executive director of four UK subsidiaries of Morgan Stanley and is also a non-executive director of Polar Capital Technology Trust PLC. She is a Chartered Accountant and was a Member of the Governing Council of the Institute of Chartered Accountants of Scotland from 1999-2000.

**Ms Helen Sinclair:** Helen Sinclair was appointed as a Director with effect from 1 February 2022. She began her career in investment banking and spent nearly eight years at 3i plc focusing on management buy-outs and growth capital investments. She later co-founded Matrix Private Equity (which became Mobeus Equity Partners) in 2000 and subsequently became Managing Director of the company before moving to take on a number of non-executive director roles. She is a non-executive director of WH Ireland group plc, Sherborne Investors (Guernsey) C Limited, BlackRock Smaller Companies Trust plc and Chairman of Octopus Future Generations VCT plc.

##### 1.2 Responsibility

To the best of the knowledge of the Directors, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. All the Directors accept responsibility accordingly.

The AIFM and the Investment Manager accept responsibility for the information and opinions contained in: (a) the risk factors contained under the heading *Risks relating to the investment objective and policy*; (b) paragraph 7 (*Net Asset Value Calculations and Valuation Policy*) of Part 1 of this Prospectus; (c) Part 2. (*Investment Strategy and Portfolio*); (d) paragraph 2.1 (*Managerial, secretarial and administration arrangements*) of Part 3 of this Prospectus and; (e) any other information or opinion

related to or attributed to either of them or to any of their affiliates. To the best of the knowledge of the AIFM and the Investment Manager, the information contained in those parts of this Prospectus for which they are responsible is in accordance with the facts and those parts of this Prospectus for which they are responsible makes no omission likely to affect their import.

## **2. MANAGEMENT, SECRETARY, ADMINISTRATION AND DEPOSITARY ARRANGEMENTS**

### **2.1 Managerial, secretary and administration arrangements**

abrdrn Fund Managers Limited (**AFML** or the **AIFM**) has been appointed as the Company's alternative investment fund manager. The AIFM has delegated portfolio management services to abrdrn Investments Limited (the **Investment Manager**). Both the AIFM and Investment Manager are wholly owned subsidiaries of abrdrn plc.

#### ***The AIFM***

The AIFM is a limited liability company, incorporated and registered in England and Wales on 7 November 1962 with registered number 00740118. The registered office of the AIFM is 280 Bishopsgate, London EC2M 4AG. The LEI of the AIFM is 213800LKZ3XUL41DI38. AFML is authorised and regulated by the FCA to conduct certain restricted activities in relation to collective investment schemes and general securities and derivatives. The AIFM is registered under the UK AIFMD Laws as a full scope authorised UK AIFM and under the Management Agreement has acted as the Company's alternative investment fund manager since the EU AIFM Directive came into force in 2014.

The Company entered into the Management Agreement with the AIFM on 14 July 2014. Under the terms of the Management Agreement, the AIFM has been appointed to provide to the Company portfolio and risk management services in accordance with the Company's investment objective and policy, and subject to the overall supervision of the Directors and the investment guidelines laid down by the Board from time to time.

The AIFM is also responsible for the provision of general administrative services to the Company. Including but not limited to the provision of company secretarial services. Such services have been sub-delegated by the AIFM to abrdrn Holdings Limited.

The AIFM is also responsible for the provision of promotional services to the Company. Such services have been sub-delegated by the AIFM to abrdrn Investments Limited.

A summary of the Management Agreement is set out in paragraph 7.1 of Part 7 (*General Information*) of this Prospectus.

#### ***The Investment Manager***

Pursuant to a delegation agreement between the AIFM and the Investment Manager, the AIFM has delegated the day-to-day portfolio management of the Company's portfolio to the Investment Manager, abrdrn Investments Limited. Fund accounting has been delegated to the Administrator.

The Investment Manager manages the Portfolio and the Company's investments in accordance with the policies laid down by the Directors from time to time and in accordance with the investment restrictions referred to in the Management Agreement.

#### ***Portfolio managers***

If the Scheme is approved, the Portfolio will continue to be managed by the Investment Manager, led by Iain Pyle and Charles Luke. Further details of their experience is set out below, and they are supported by product directors and operational staff.

#### **Iain Pyle, UK Equities Portfolio Manager**

Iain is an Investment Director in the UK Equities team, having joined abrdrn in 2015. Prior to joining, he was an analyst on the top-ranked Oil & Gas research team at Sanford Bernstein, Iain graduated with a MEng degree in Chemical Engineering from Imperial College and an MSc (Hons) in Operational Research from Warwick Business School. He is a Chartered Accountant and a CFA Charterholder.

## **Charles Luke, UK Equities Portfolio Manager**

Charles is a Senior Investment Director in the UK Equities team. He joined abrdn's Pan European Equities team in 2000 and previously worked at Framlington Investment Manager. He has a BA in Economics and Japanese Studies from Leeds University and an MSc in Business and Economic History from the London School of Economics.

## **2.2 Depositary**

BNP Paribas Trust Corporation UK Limited has been appointed as depositary of the Company pursuant to the novation of the Depositary Agreement and under the UK AIFM Regulations. A summary of the Depositary Agreement is set out in paragraph 7.4 of Part 7 (*General Information*) of this Prospectus.

The Depositary is responsible for, amongst other things, the safe keeping of the Company's assets. The Depositary has arranged for the safe keeping of the Company's financial instruments to be held and settled (directly or through sub-custodians) all transactions relating to those financial instruments on behalf of the Company, and the monitoring of the Company's compliance with investment limits and leverage requirements. The Depositary reports to the Audit Committee at least annually, including on the Company's compliance with the UK AIFM Regulations.

The Depositary has delegated the provision of custodian services to BNP Paribas Securities Services, London Branch.

## **2.3 Registrar**

The Registrar is responsible for the maintenance of the register of members and for the transfer and settlement of Shares as applicable. Details of the Registrar's Agreement are set out in paragraph 7.2 of Part 7 (*General Information*) of this Prospectus.

## **2.4 Auditor**

Ernst & Young LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales and was selected to be the Company's auditor following a tender exercise in 2015. Ernst & Young UK LLP was first appointed by Shareholders on 6 July 2016 and has been appointed as auditor at each annual general meeting since and most recently in respect of the financial year ending 31 March 2023. The financial statements are prepared in accordance with UK adopted International Accounting Standards.

## **3. CAPITAL STRUCTURE AND DURATION**

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

## **4. CORPORATE GOVERNANCE**

### **4.1 Compliance**

The Board is committed to maintaining high standards of corporate governance. The Company is a member of the AIC and applies the principles and provisions identified in the 2019 Code of Corporate Governance produced by the AIC (the **AIC Code**). The AIC Code provides a framework of best practice in respect of the governance of investment companies, such as the Company. The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code as published by the FRC in July 2018, as well as setting out additional provisions on issues that are of specific relevance to investment trusts.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the FRC, provides more relevant information to shareholders than if it had adopted the UK Code. The Company complies with the principles and provisions of the AIC Code.

The AIC Code is available on the AIC's website, [www.theaic.co.uk](http://www.theaic.co.uk).

In addition, the Disclosure Guidance and Transparency rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject, or with which it voluntarily complies; and (ii) describes its internal control and risk management arrangements.

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

The Chairman and each of the other Directors is independent of the AIFM and the Investment Manager and each Director is non-executive. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The executive responsibilities for investment management have been delegated to the AIFM. The AIFM has delegated day-to-day management of the Portfolio to the Investment Manager. Robin Archibald is the Senior Independent Director. The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for the other Directors and Shareholders.

The Board's policy on tenure is that Directors will not normally serve beyond the annual general meeting following the ninth anniversary of their appointment. However, the Board takes the view that the independence of individual Directors is not necessarily fettered by length of tenure on the Board and that continuity and experience can add significantly to the Board's strength. The Board believes that recommendation for re-election should be on an individual basis following a rigorous review which assesses the contribution made by the Director concerned, but also taking into account the need for regular refreshment and diversity, as well as providing continuity of experience of the Company.

The AIC Code provides that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors. The Board conducts an annual evaluation of its performance and that of its Committees, using questionnaires and discussion, amongst other tools, to ensure that the Directors have all devoted sufficient time and contributed adequately to the work of the Board and Committees. The annual performance review takes into consideration, amongst other things, attendance at Board and Committee meetings, the independence of individual directors, the ability of Directors to make an effective contribution to the Board and Committees due to the diversity of skills and experience each Director brings to the meetings, and the Board's ability to challenge and debate the future strategy of the Company.

#### **4.3 Audit Committee**

The Audit Committee is chaired by Robin Archibald and comprises all of the Directors other than the Chairman of the Company. It meets at least two times each year to review the internal financial and non-financial controls, to approve the contents of the draft annual and half-yearly financial reports to Shareholders, to review the Company's accounting policies and to approve the audit plan. In addition, the Audit Committee reviews the auditor's independence, objectivity and effectiveness, the service organisation controls of the service providers to the Company, the effectiveness of the audit process, and, together with the AIFM, reviews the Company's compliance with financial reporting and regulatory requirements. The Audit Committee confirms to the Board that the financial statements are a true and fair view and also recommends the approval of the Company's financial statements to the Board. It also provides a forum through which the auditor reports to the Board. The AIFM's internal audit and compliance teams report to the Audit Committee at least twice each year and the Depositary reports at least annually.

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

The Management Engagement Committee comprises all of the Directors and is chaired by Robert Talbut. The Management Engagement Committee meets at least once a year to review the performance, quality and service provision of all major service providers, in particular services provided by the AIFM and Investment Manager. The issues it considers includes, but is not limited to, the management fee, and also to review the performance of the AIFM and Investment Manager in relation to the achievement of the Company's objectives. In addition, the Committee conducts an annual review of the performance, terms and conditions of the Company's other main service providers.



#### **4.5 Remuneration Committee**

The Remuneration Committee, chaired by Jane Pearce and comprising all of the Directors, meets at least annually. The main responsibilities of the Remuneration Committee include reviewing the Company's remuneration policy and determining Directors' remuneration, including for the Chairman. The Remuneration Committee also considers the need to appoint an external remuneration consultant.

#### **4.6 Policy on Directors' fees**

In accordance with the Articles, the limit on Directors' fees can be amended by Shareholder resolution from time to time. At the Annual General Meeting on 6 July 2023, Shareholders approved an increase in the annual limit on aggregate Directors' fees from £160,000 to £175,000. The Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

### **5. FEES AND EXPENSES**

#### **5.1 Issue expenses**

The fixed direct costs of the Proposals payable by the Company are estimated to be approximately £808,210 (including irrecoverable VAT). In the event that implementation of the Scheme does not proceed, each party will bear its own costs which in the case of the Company is estimated to be £458,210. As part of the fee arrangements there is a scope for a discretionary payment being made to the Company's Sponsor, which will be subject to outcome and the extent of work required in order to implement the Proposals. In any event, this will not exceed in aggregate £350,000.

The AIFM has agreed to make a contribution to the costs of the Scheme by means of a reduction in the management fee payable by the Company to AFML. The fee reduction will constitute a waiver of the management fee payable by the Company to AFML in respect of the assets transferred by ASCI to the Company pursuant to the Scheme for the first six months following the completion of the Scheme (the **AFML Contribution**). The financial value of this amount (which is estimated at £87,051 based on the Company's NAV as at 13 October 2023 and assuming no ASCI Shareholders exercise their right to dissent from participation in the Scheme and that 25 per cent. of ASCI Shareholders elect for the Cash Option) will be satisfied by the AIFM by means of a waiver of its fees for the benefit of the shareholders of the Enlarged Company. The AIFM contribution is subject to the Company not terminating the management agreement (other than for cause as provided under such agreement) for three years from the Effective Date of the Scheme, failing which the enlarged Company will be obliged to repay all or part (depending on the point of termination) of the AFML Contribution. The AFML Contribution will be for the benefit of the Shareholders of the Enlarged Company following the implementation of the Scheme. For the avoidance of doubt, the AFML Contribution will not be taken into account in the calculation of either the Shires FAV per Share or the ASCI FAV per Share for the purposes of the Scheme.

No expenses will be charged directly to investors by the Company in connection with the Issue or Admission.

#### **5.2 Ongoing expenses**

The Company will also incur ongoing expenses. A summary of the key terms of the ongoing expenses, which are borne by the Company, are set out below, as are those ongoing expenses which are not readily quantifiable.

#### ***Directors***

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. As at the date of this Prospectus, Robert Talbut, as Chairman, is entitled to receive £41,000 per annum, Robin Archibald, as chair of the Audit and Risk Committee and Senior Independent Director, is entitled to receive £34,500 per annum, Jane Pearce is entitled to receive £29,000 per annum and Helen Sinclair is entitled to receive £29,000 per annum.

All of the Directors are also entitled to be paid all reasonable expenses properly incurred by them in connection with the performance of their duties. These expenses may include those associated with attending general meetings, Board or committee meetings. If the Board requests one or more of the Directors to perform services outside of those considered to be in the ordinary course on behalf of the Company, the Board may determine that additional remuneration may be paid to the Director or the Directors.

### **Management fee**

Under the terms of the Management Agreement, the AIFM is entitled to a basic fee per annum as follows:

- 0.45 per cent. of up to and including net asset value of £100 million; and
- 0.40 per cent of net asset value in excess of £100 million;

(including any borrowings up to a maximum of £30 million, and excluding commonly managed funds)

As described in paragraph 5.1 of this Part 3, AFML has agreed to make a cost contribution in respect of the Proposals which, is expected to offset a proportion of the costs of the Proposals for Shareholders. Following completion of the Scheme an annual administration fee will be payable to AFML of £120,000 plus VAT.

### **Promotional fee**

The Management Agreement also provides for the provision of promotional activities, which the AIFM has delegated to the Investment Manager. The Company agrees to an annual budget with the Investment Manager based on 0.0005 per cent. of the Company's net assets for the previous financial year. The total fees paid and payable under the Management Agreement in relation to promotional activities during the year to 31 March 2023 were £40,000 (2022 – £65,000) with a balance due to AFML at the year end of £10,000 (2022-£10,000).

### **Depositary and Custodian fees**

Under the terms of the Depositary Agreement (as supplemented from time to time), the Depositary is entitled to receive a minimum annual fee of £8,000 (exclusive of VAT). A custody fee in respect of global custodian services is also payable which constitutes an asset based fee equal to between 0.01 per cent. and 0.008 per cent. of the value of the assets of the Company. Transaction based fees are also payable of typically between £8.00 and £95.00 per transaction. The variable fees are dependent on the countries in which the individual holdings are registered. All fees are exclusive of VAT.

### **Registrar fees**

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual maintenance fee. The Registrar is entitled to vary its fees no more than once per calendar year on agreement with the Company. In doing so, the Registrar is entitled to apply a minimum annual increase at the rate of the Whole Economy Average Weekly Earnings Index prevailing at the time. In the 12 months prior to publication of this Prospectus, such fees amounted to approximately £49,546.

### **Other operational expenses**

Other ongoing operational expenses that are borne by the Company include, but are not limited to, the following:

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

The Company's total fixed operation costs (excluding management fees, brokerage and other transaction charges and taxes, and any borrowing costs) are estimated, in the first year following the Issue, to amount to not more than approximately 0.53 per cent. per annum of the Enlarged Company's estimated NAV (based on the illustrative calculations as set out in paragraph 4 of Part 4 (*Details of the Scheme and the Issue*) of this Prospectus).

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

**5.3 Allocation of ongoing costs**

Interest expenses will be recognised within 'finance costs' in the Statement of Comprehensive Income using the effective interest rate method. All other expenses will be recognised in the Statement of Comprehensive Income in the period in which they are incurred (on an accruals basis). The Company charges investment management fees and finance costs to revenue and capital respectively in the proportions shown below:

<b>Revenue</b>	<b>Capital</b>
50%	50%

**6. CONFLICTS OF INTEREST**

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

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

As the AIFM's fees are primarily based on a percentage of the Company's net assets, there is potential for conflict in any valuations it proposes in relation to the Company's investments. However, the Company's Portfolio is comprised predominantly of listed securities in respect of which there is ordinarily little or no judgement as to valuation. Where there is any element of judgement by the AIFM or its affiliates as to valuation, this conflict is managed through the use of independent sources to value assets where possible and through Board review and approval of valuations.

The AIFM and the Investment Manager have put in place organisational and administrative arrangements to ensure that reasonable steps are taken to prevent a conflict giving rise to a material risk of damage to the interests of its clients. The AIFM and the Investment Manager are committed to identifying, monitoring and managing all actual and potential conflicts of interest that can arise, and have a conflicts of interest policy which covers the fair management and resolution of such situations should they arise and which is reviewed on at least an annual basis.

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

## PART 4

### DETAILS OF THE SCHEME AND THE ISSUE

#### 1. REASONS FOR PUBLICATION OF THIS PROSPECTUS

##### 1.1 Background to the Proposals

The Board has been alert to the size of the Company for some time and has been looking at opportunities to increase the size and scale of the Company in order to assist with liquidity and reduce costs. In addition the Board was conscious of the significant holding that the Company held in ASCI and the impact this has had on performance through the volatility of ASCI's share price, rather than the performance of the underlying smaller companies shares in the ASCI portfolio.

On 13 February 2023 ASCI announced that was commencing a strategic review process. The next day the Company announced that the Board had been discussing a proposal with the Board of ASCI and its advisers which it believed would deliver compelling benefits for both sets of shareholders. Following this process, the Board of ASCI and the Board each announced on 26 July 2023 that heads of terms for the Combination had been agreed.

##### 1.2 The Proposals

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

ASCI Shareholders may elect to receive cash instead of New Shares in respect of some or all of their holdings in ASCI equal to 98.5 per cent. of the value of assets attributable to the Cash Option (after realising any non-cash assets so attributed), with the Cash Option Discount in allocated to the Rollover Pool for the benefit of the Enlarged Company.

Overseas ASCI Shareholders will not receive a copy of this Prospectus.

Further details of the Scheme and the Issue are set out below.

##### 1.3 Benefits of the Proposals

Both investment trusts, which have a common manager, have UK equity income as a key part of their investment objectives, including exposure to UK smaller companies.

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

Shareholders in the Enlarged Company are expected to benefit from:

- an increase in scale, allowing the Enlarged Company to spread fixed costs over a larger asset base and to benefit from the tiered management fee structure, while also potentially improving secondary liquidity and aiding marketability; and
- a differentiated UK equity income strategy with an attractive dividend, with some exposure to smaller companies and fixed income securities.

The Combination is also expected to deliver benefits to ASCI's shareholders, whether they wish to Rollover into the Company or wish to elect from the Cash Option.

For those ASCI Shareholders electing to Rollover into the Company:

- **Increased dividend**
  - An expected increase of 31.7 per cent. per annum in dividend income based on the most recent four dividends for each company (that is a full year's dividend)
- **Reduced costs**
  - Expected decrease of 31.4<sup>(1)</sup> per cent in ongoing charges ratio (OCR) based on the estimated pro forma OCR of the Enlarged Company as compared with the last published OCR of ASCI as at 30 June 2023.
  - A large part of this reduction is due to the Company's management fee, being 0.45 per cent. of NAV per annum up to and including £100m and 0.40 per cent. of NAV (in each case including any borrowings up to a maximum of £30 million, and excluding commonly managed funds) per annum in excess of £100 million.
- **Improved average rating**
  - Over the twelve months to 24 July 2023 (being the latest practicable date prior to the release of the announcement of the Combination), the Company's Ordinary Shares traded at an average 1.5 per cent. discount to NAV, compared to ASCI's shares which traded at an average 13.2 per cent. discount to NAV.
  - As at 13 October 2023, the latest practicable date prior to publication of this Prospectus, the discounts to NAV at which ASCI's shares and the Company's Ordinary Shares traded were, respectively, 2.7 per cent. and 7.8 per cent.
- **The Company's historic investment performance<sup>(2)</sup>:**
  - The Company's NAV total return over 1, 3 and 5 years (measured to 13 October 2023) has been 9.2 per cent., 22.8 per cent. and 25.3 per cent. respectively.
  - The Company's share price total return over 1, 3 and 5 years (measured to 13 October 2023) has been 2.8 per cent., 25.8 per cent. and 22.9 per cent. respectively.
- **Notice period waiver**
  - abrdn has undertaken to waive, in full, the period of notice to which it is contractually entitled under the management contract that it has with ASCI and has agreed that no compensation will be payable by ASCI to abrdn in respect of such waiver.
- **Continued UK smaller companies exposure:**
  - The Board expects that UK small cap exposure will represent up to 20 per cent. of the Portfolio on an ongoing basis. By way of illustration, had 25 per cent. of ASCI Shareholders elected, or been deemed to have elected, for the Cash Option as at 13 October 2023 (being the latest practicable date prior to the publication of this document) approximately 54 per cent. of the ASCI Rollover Pool FAV would have comprised existing UK small cap assets.

In addition, all ASCI Shareholders will have the ability to elect to receive cash in respect of 100 per cent. of their holding of ASCI shares.

---

<sup>(1)</sup> Assumes 25 per cent. of ASCI's issued share capital will elect for the Cash Option

<sup>(2)</sup> Source: Refinitiv Datastream. In considering the historic performance information contained in this Prospectus, prospective investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that the Company will achieve comparable results or be able to avoid losses.

## 2. THE SCHEME

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

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

### ***The Rollover Option***

The Rollover Option will provide that the ASCI Shareholders who elect (or are deemed) to elect to receive New Shires Shares do so in accordance with the Scheme. Further details of how the New Shires Shares are allocated is set out below at paragraph 4.

There will be no limit on the number of ASCI Shares which may be elected for the Cash Option. ASCI Shareholders are entitled to elect to receive the Cash Option in respect of the entirety of their individual holdings of ASCI Shares on the Calculation Date. A discount of 1.5 per cent. will be applied to the ASCI Residual Net Asset Value attributable to the ASCI Reclassified Shares with "B" rights (the "**Cash Option Discount**"). The value arising from the application of the Cash Option Discount will be allocated to the Rollover Pool for the benefit of ASCI Shareholders who have elected, or are deemed to have elected, for the Rollover Option.

The Company's entitlements as a shareholder of ASCI under the Scheme will be satisfied on ASCI's liquidation by the transfer of the Rollover Pool to the Company, which will include the transfer of the Company's *pro rata* share of the Rollover Pool to the Company by way of a distribution *in specie*. This means that the Company will not receive any New Shires Shares pursuant to the Scheme and will be deemed under the terms of the Scheme to receive only ASCI Reclassified Shares with "C" rights.

Following guidance by the FCA, the participation by Shires in the Scheme as provided under the terms of the Transfer Agreement will constitute a related party transaction under the Listing Rules. As a result a related party resolution will require to be passed with the approval of more than 50 per cent. of the Independent ASCI Shareholders. The Scheme is conditional on the Related Party Resolution passing. The Company will not vote on the Related Party Resolution but will be able to vote on the ASCI resolution relating to the Scheme.

ASCI Shareholders who make no Election (or no valid Election) under the Scheme will be deemed to have elected to receive New Shires Shares in the Company in respect of their entire holding of ASCI Shares. Valid Elections under the Scheme must be received by 1.00 p.m. on 24 November 2023. The Scheme involves ASCI being placed into members' voluntary liquidation and ASCI Shareholders, who elected or are deemed to elect for the Rollover Option, receiving New Shires Shares issued by the Company, in exchange for the transfer to the Company of the Rollover Pool. The New Shires Shares are only available to ASCI Shareholders under the Scheme. The New Shires Shares are not being offered to the Existing Shareholders, Shires or to the public. The Issue has not been underwritten.

The Board of ASCI has resolved to recommend the Scheme to the ASCI Shareholders and the Board of the Company is recommending the Proposals to its Shareholders.

## 3. DETAILS OF THE SCHEME

Subject to the satisfaction of the conditions set out at paragraph 4 below, ASCI will be placed into members' voluntary liquidation and the Scheme will take effect. It is expected that the Scheme will become effective on the Effective Date, whereupon the cash, undertaking and other assets of ASCI comprising the Rollover Pool shall be transferred to the Company pursuant to the Transfer Agreement in consideration for the issue of the New Shires Shares and the *in specie distribution*. The relevant numbers of New Shires Shares will be allotted to the Liquidators (as nominees for the ASCI Shareholders entitled to them) who will renounce the New Shires Shares in favour of the ASCI Shareholders who elect or are deemed to have elected for the Rollover Option.

In advance of the Effective Date, the ASCI Directors intend that ASCI and/or AFML (or their agents) will have, to the extent practicable, realised or realigned the undertaking and business carried on by ASCI in accordance with the Scheme and the Elections made or deemed to have been made thereunder so

that, so far as practicable, ASCI will hold, in addition to assets destined to become the Cash Pool and the Liquidation Pool, investments suitable for transfer to the Company for the benefit of the portfolio, by virtue of the Transfer Agreement.

Subject to the resolutions being passed at the First General Meeting of ASCI and becoming unconditional, on the Calculation Date, or as soon as possible thereafter, the ASCI Directors, in consultation with the proposed Liquidators, shall calculate the aggregate value of the total assets of ASCI, the ASCI Residual Net Asset Value, the Residual Net Asset Value Per ASCI Share, the ASCI FAV per Share, the Cash Pool NAV and the Cash NAV per Share.

The Shares FAV and the Shares FAV per Share will be determined by the Board as at the Calculation Date.

On the Calculation Date, or as soon as practicable thereafter, the ASCI Directors, in consultation with the proposed Liquidators shall procure the finalising of the division of ASCI's undertaking, cash and other assets into three separate and distinct pools, namely the Liquidation Pool, the Cash Pool and the Rollover Pool, as follows and in the following order:

- (a) first, there shall be appropriated to the Liquidation Pool cash and other assets of ASCI of a value calculated in accordance with the terms of the Scheme, which is estimated by the proposed Liquidators, in consultation with the ASCI Directors, to be sufficient to meet the current and future, actual and contingent liabilities of ASCI, including, without prejudice to the generality of the foregoing and save to the extent that the same have already been paid or already deducted in calculating the total assets of ASCI:
  - (i) the costs and expenses incurred, and to be incurred, by ASCI and the Liquidators in formulating, preparing and implementing the Proposals and the Scheme and in preparing all associated documents, in each case as not otherwise paid prior to the liquidation;
  - (ii) the costs and expenses incurred, and to be incurred, by ASCI and the Liquidators in preparing and implementing the Transfer Agreement;
  - (iii) the costs of purchasing (or making provision for the purchase of) the interests of ASCI Shareholders (if any) who have validly exercised their rights to dissent from the Scheme under section 111(2) of the Insolvency Act;
  - (iv) any unclaimed dividends of ASCI (so far as not previously paid) and any declared but unpaid dividends of ASCI;
  - (v) the costs and expenses of liquidating and winding up ASCI (which includes the costs and expenses in relation to the Liquidators maintaining ASCI in liquidation until the date of the final meeting of ASCI), including the fees and expenses of the Liquidators and ASCI's registrar;
  - (vi) any tax liabilities of ASCI; and
  - (vii) an amount considered by the Liquidators to be appropriate to provide for any unascertained, unknown or contingent liabilities of ASCI (such amount not expected to exceed £100,000 in aggregate),and in each case including any VAT in respect thereof;
- (b) second, there shall be appropriated to the Cash Pool and the Rollover Pool all the undertaking, cash and other assets of ASCI remaining after the appropriation referred to in paragraph (a) above (excluding any relevant dividend), in terms of value determined at the Calculation Date, to the value attributable to the ASCI Reclassified Shares with "A" rights, "B" rights and "C" rights, respectively, on the following basis:
  - (i) there shall first be appropriated to the Cash Pool such proportion of the undertaking, cash and other assets as shall equal the Cash Pool NAV; and

- (ii) there shall be appropriated to the Rollover Pool (representing the balance of the undertaking, cash and other assets of ASCI, including for the avoidance of doubt the benefit of the Cash Option Discount).

On the Effective Date, or as soon as practicable after, the Liquidators shall procure that there shall be delivered to the Company (or its nominee) particulars of the undertaking, cash and other assets comprising the Rollover Pool in accordance with the terms of the Transfer Agreement.

Further details of the Transfer Agreement are provided in paragraph 7.6 of Part 7 of this document and paragraph 6 below and full details of the Scheme are set out in the circular to ASCI Shareholders dated 17 October 2023.

#### 4. THE ISSUE

The issue of the New Shires Shares under the Rollover Option will be effected on a FAV for FAV basis as at the Calculation Date. The Calculation Date for determining the value of the Rollover Pool is expected to be at 5.00 p.m. on 27 November 2023.

In consideration for the transfer of such part of the Rollover Pool as is attributable to the entitlements of holders of Reclassified Shares with "A" rights to Shires in accordance with the Scheme, the New Shires Shares shall be issued on the following basis:

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

where:

A is the ASCI FAV per Share;

B is the Shires FAV per Share; and

C is the aggregate number of ASCI Reclassified Shares with "A" rights held by the relevant Shareholder.

No value shall be attributable to ASCI Shares held in treasury by ASCI. Fractions of New Shires Shares will not be issued under the Scheme and entitlements to such New Shires Shares will be rounded down to the nearest whole number. Any assets representing a fraction of the entitlements of holders of ASCI Reclassified Shares with "A" rights holding of New Shires Shares is rounded down shall be retained by the Company and represent an accretion to its assets. The New Shares will be issued at a 0.80 per cent. premium to Shires NAV which is reflected in the Shires FAV.

The New Shires Shares to be issued pursuant to the Scheme will be allotted, credited as fully paid, to the Liquidators (as nominee for the ASCI Shareholders entitled thereto), whereupon the Liquidators will renounce the allotments of New Shires Shares in favour of ASCI Shareholders entitled to them under the Scheme. On such renunciation, the Company will issue the New Shires Shares to the ASCI Shareholders entitled thereto.

The Company shall (i) in the case of the New Shires Shares issued in certificated form, arrange for the despatch of certificates for such shares issued under the Scheme to the ASCI Shareholders entitled thereto at their respective addresses in ASCI's register of members (and, in the case of joint holders, to the address of the first-named) or to such other person and address as may be specified by such persons in writing, in each case at the risk of the persons entitled thereto; and (ii) in the case of the New Shires Shares issued in uncertificated form, procure that Euroclear is instructed on the Business Day following the Effective Date (or as soon as practicable thereafter) to credit the appropriate stock accounts in CREST of the ASCI Shareholders entitled thereto with their respective entitlements to New Shires Shares issued under the Scheme. The Company shall be entitled to assume that all information delivered to it in accordance with the Scheme is correct and to utilise the same in procuring registration in the Company's register of members of the holders of the New Shires Shares issued under the Scheme.

The New Shires Shares will rank equally in all respects (*pari passu*) with the existing issued Ordinary Shares other than in respect of any dividend declared with a record date prior to the Effective Date.



For illustrative purposes only, had the Calculation Date been 5.00 p.m. on 13 October 2023 (being the latest practicable date prior to the publication of the Prospectus), and assuming that no ASCI Shareholders exercise their right to dissent from participation in the Scheme, after deduction of ASCI's pre-liquidation special dividend of not more than 14 pence per ASCI Share and assuming:

- (a) 25 per cent. is elected for the Cash Option, the ASCI FAV per Share would have been 235.195032 pence and the Shires FAV per Share would have been 243.865440 pence. On the basis of these figures, an ASCI Shareholder who held 1,000 ASCI Shares would have received 964 New Shires Shares under the Scheme. In aggregate, 13,086,179 New Shires Shares would have been issued to ASCI Shareholders under the Scheme, representing approximately 30.0 per cent. of the issued share capital of the Enlarged Company; or
- (b) all ASCI Shareholders had elected to receive New Shires Shares, the ASCI FAV per Share would have been 234.024907 pence and the Shires FAV per Share would have been 243.865440 pence. On the basis of these figures, an ASCI Shareholder who held 1,000 ASCI Shares would have received 959 New Shires Shares under the Scheme. In aggregate 18,325,469 New Shires Shares would have been issued to ASCI Shareholders under the Scheme, representing approximately 37.5 per cent. of the issued share capital of the Enlarged Company.

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

## **5. CONDITIONS OF THE SCHEME**

The Scheme is conditional upon:

- (a) the passing of the resolutions at the ASCI General Meetings and any conditions of such resolutions being fulfilled;
- (b) the passing of the Scheme Resolution at the General Meeting;
- (c) the FCA agreeing to admit the New Shires Shares to the Official List and the London Stock Exchange agreeing to admit the New Shires Shares to trading on its Main Market, subject only to allotment; and
- (d) the Directors and the ASCI Directors resolving to proceed with the Scheme.

Unless the conditions set out above have been satisfied or, to the extent permitted, waived by the Company and ASCI at or before 31 December 2023, the Scheme shall not become effective.

## **6. DISTRIBUTION IN SPECIE**

The holder of ASCI Reclassified Shares with "C" rights (being the Company) is entitled to a distribution *in specie* of such part of the undertaking, cash and other assets comprising the Rollover Pool as represents the proportion that the number of ASCI Reclassified Shares with "C" rights held by the Company of the total aggregate number of ASCI Reclassified Shares with "A" rights and ASCI Reclassified Shares with "C" rights.

## **7. TRANSFER AGREEMENT**

- 7.1 On the Effective Date the Liquidators (in their personal capacity and on behalf of ASCI) shall enter into and implement the Transfer Agreement (subject to such modifications as may be agreed between the parties thereto), whereby the Liquidators shall procure the transfer of the cash, undertaking and other assets of the Company comprising the Rollover Pool to Shires (or its nominee) in satisfaction of the entitlements of the holder of the ASCI Reclassified Shares with "C" rights, and in consideration for the issue of New Shires Shares to the Liquidators (as nominees for the ASCI Shareholders entitled to them), such shares to be renounced by the Liquidators in favour of the holders of ASCI Reclassified Shares with "A" rights in accordance with the Scheme.

7.2 The Transfer Agreement provides that the assets to be transferred to Shires shall be transferred with such rights and title as ASCI may have in respect of the same or any part thereof subject to and with the benefit of all and any rights, restrictions, obligations, conditions and agreements affecting the same or any part thereof, including the right to all income, dividends, distributions, interest and other rights and benefits attaching thereto or accruing therefrom but excluding any such income, dividend, distribution, interest or other right or benefit on any investment marked "ex" that income, dividend, distribution, interest or other right or benefit (as applicable) at or prior to the Calculation Date (which shall be deemed to form part of the Liquidation Pool). The Transfer Agreement further provides that ASCI, acting by the Liquidators, insofar as they are reasonably able to do so by law or otherwise, shall comply with all reasonable requests made by Shires (or its nominee) in respect of the cash, undertaking and other assets of ASCI to be acquired and shall, in particular, account to Shires for all income, dividends, distributions, interest and other rights and benefits in respect of such cash, undertaking and other assets, received after the Effective Date.

## 8. RELATED PARTY TRANSACTION

ASCI have sought guidance from the FCA and as such the Company is deemed to be a related party of ASCI in the context of the Proposals. Therefore, under the Listing Rules, the Company's participation in the Scheme will constitute a related party transaction for the purposes of LR11.1.5(1) and, as a result, must be approved by ASCI's Independent Shareholders.

In accordance with the Listing Rules the Company will not vote on the related party resolution to be proposed at the ASCI First General Meeting. If Independent Shareholders do not approve the entry into of the Related Party Transaction, the Scheme will not proceed.

## 9. DETAILS OF THE ISSUE

The New Shares are ordinary shares, denominated in Sterling, in the Company ranking equally in all respects with the issued ordinary share capital (other than in respect of any dividends which have a record date prior to the Calculation Date).

The number of New Shares to be issued under the Scheme is not known as at the date of this Prospectus as it will be calculated in accordance with the formulae stated above as at the Calculation Date and will depend on the elections and deemed elections made under the Scheme. The number of New Shares to be issued will be announced through an RIS announcement on the Effective Date. The Issue is not being underwritten.

***For illustrative purposes only***, had the Calculation Date been 5.00 p.m. on 13 October 2023 and assuming there are no Dissenting ASCI Shareholders, after deduction of ASCI's pre-liquidation special dividend of not more than 14 pence per ASCI Share, and that 25 per cent. elected for the Cash Option, the ASCI FAV per Share would have been 235.195032 pence and the Cash Pool NAV per Share would have been 230.514533. The ASCI FAV per Share and the Cash Pool NAV per Share may be compared with the ASCI Share price and cum-income NAV per ASCI Share as at 13 October 2023 which were 245.000000 pence and 251.750000 pence, respectively.

***For illustrative purposes only***, the Shires FAV per Share would have been 243.865440 pence, which may be compared with the Share price and cum-income NAV per Share as at 13 October 2023 which were 223.000000 pence and 241.930000 pence, respectively. On the basis of the above, the Rollover Option would have produced a conversion ratio of 0.964446 and, in aggregate, 13,086,179 New Shares would have been issued under the Scheme, representing approximately 30.0 per cent. of the issued ordinary share capital of the Enlarged Company immediately following the completion of the Scheme. The Enlarged Company would also then pay listing fees in relation to the listing of the New Shares and any acquisition costs and taxes on the transfer of the Rollover Pool.

The Company will notify Shareholders of the results of the Scheme and the Issue, including the calculations of the ASCI FAV per Share, the Shires FAV per Share, the Cash Pool NAV per Share and the number of New Shares to be issued under the Scheme, through an RIS as soon as reasonably practicable following the Calculation Date and prior to the Issue.

## **10. COSTS AND EXPENSES OF THE PROPOSALS**

The Company and ASCI have each agreed to bear their own costs associated with the Scheme.

Any costs of realignment/realisation of the ASCI portfolio prior to the Scheme becoming effective will be borne by ASCI. Any stamp duty, stamp duty reserve tax or other transaction tax, or investment costs incurred by the Company for the acquisition of the ASCI portfolio or the deployment of the cash therein upon receipt shall be borne by the Enlarged Company.

In addition, the Company, as enlarged, will also incur listing fees in respect of the listing of the New Shares and SDRT based on the value and constitution of the Rollover Pool.

In the event that either Shareholders or ASCI Shareholders resolve not to proceed to implement the Scheme (including if ASCI Shareholders do not approve the Related Party Transaction) or the Directors or the ASCI Directors decide not to implement the Scheme on the terms described in this document, then each party will bear its own abort costs.

For the avoidance of doubt, in any event where the Scheme is not implemented, the listing fees and SDRT that would have been payable by the Company, as enlarged, will not be payable, but dealing costs (including SDRT) may still have been incurred by ASCI in disposing of assets in order to meet Elections made and in realigning ASCI's portfolio in respect of the Rollover Pool to be established pursuant to the Scheme.

## **11. DISSENTING ASCI SHAREHOLDERS**

Provided that an ASCI Shareholder does not vote in favour of the ASCI Resolutions to be proposed at the First ASCI General Meeting, such ASCI Shareholder may within seven days following the First ASCI General Meeting, express his or her dissent to the Liquidators in writing at ASCI's registered office and require the Liquidators to purchase the ASCI Shareholder's interest in ASCI. The Liquidators will offer to purchase the interests of the Dissenting ASCI Shareholders at the realisation value, this being an estimate of the amount an ASCI Shareholder would receive per ASCI Ordinary Share in an ordinary winding up of the Company if all of the assets of the Company had to be realised and distributed to Shareholders after the repayment of the liabilities of ASCI. The realisation value of the ASCI Ordinary Share is expected to be below the unaudited cum-income NAV per ASCI Ordinary Share and the Liquidators will not purchase the interests of Dissenting ASCI Shareholders until all other liabilities of ASCI have been settled and HMRC has confirmed that it has no objections to the closure of the liquidation.

In order to purchase the interests of any Dissenting ASCI Shareholder, the ASCI Board, in consultation with the Liquidators will appropriate an amount of the cash, undertaking and other assets of ASCI to the Liquidation Pool which it believes is sufficient to purchase the interests of such Dissenting ASCI Shareholders. Save as otherwise provided, any ASCI Ordinary Shares held by persons who validly exercise their rights under section 111(2) of the Insolvency Act shall be disregarded for the purposes of the Scheme and shall be treated as if those ASCI Ordinary Shares were not in issue.

If Dissenting ASCI Shareholders validly exercise their rights under section 111 of the Insolvency Act in respect of more than ten per cent. of, in aggregate, the issued ordinary share capital of ASCI, the directors of ASCI have discretion under the Scheme to decide that the Scheme should not proceed.

## **12. ADMISSION AND DEALINGS**

Application will be made to the FCA and to the London Stock Exchange for the New Shares to be admitted to the premium segment of the Official List and to trading on the Main Market. The existing Ordinary Shares are already traded there. If the Scheme becomes effective, it is expected that the New Shares will be admitted to the Official List on 4 December 2023, and the first day of dealings in such New Shares on the Main Market will be 4 December 2023.

The New Shares will be in registered form and may be held in either certificated or uncertificated form. Temporary documents of title will not be issued. The ISIN of the New Shares will be GB0008052507. ASCI Shareholders who hold their ASCI Shares in uncertificated form and are entitled to receive New Shares, will receive New Shares in uncertificated form on 4 December 2023. Certificates in respect of New Shares to be issued to ASCI Shareholders who hold their ASCI Shares in certificated form and are entitled to receive New Shares, will be despatched in the week commencing 11 December 2023.

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

### **13. DILUTION**

Existing Shareholders are not able to participate in the Issue and will suffer a dilution to the percentage of the issued share capital (voting rights) that their current holding represents based on an actual number of New Shares issued. The New Shares will be issued at a 0.80 per cent. premium to Shires NAV which is reflected in the Shires FAV.

The Proposals will not result in any proceeds being raised by the Company. The New Shares are being issued to the ASCI Shareholders in consideration for the transfer of the part of the Rollover Pool attributable to the ASCI Reclassified Shares attributable to those ASCI Shareholders with "A" rights.

For illustrative purposes only, had the Calculation Date been 5.00 p.m. on 13 October 2023 (being the latest practicable date prior to the publication of this Prospectus), and assuming that no ASCI Shareholders exercise their right to dissent from participation in the Scheme and that:

- (a) 25 per cent. amount is elected for the Cash Option, so that 13,086,179 New Shares were issued, Existing Shareholders would have suffered a dilution of approximately 30.0 per cent. to their existing percentage holdings; or
- (b) all ASCI Shareholders had elected to receive New Shares, so that 18,325,469 New Shares were issued, Existing Shareholders would have suffered a dilution of approximately 37.5 per cent. to their existing percentage holdings

### **14. OVERSEAS ASCI SHAREHOLDERS AND SANCTIONS RESTRICTED PERSONS**

To the extent that the Company, and/or the Liquidators, acting reasonably, consider that any issue of New Shires Shares under the Scheme to an Overseas ASCI Shareholder(s) would or may involve a breach of the securities laws or regulations of any jurisdiction, or if the Company, and/or the Liquidators 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 Company and/or the Liquidators, as the case may be, have not been provided with evidence reasonably satisfactory to them that the relevant Overseas ASCI Shareholder(s) is/are permitted to hold New Shires 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), such Overseas ASCI Shareholder(s) will be deemed to have elected for the Cash Option in respect of their entire holding.

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

Any ASCI Shares held by a Sanctions Restricted Person will be deemed to have been elected for the Cash Option. Any distribution of such cash entitlements will be at the sole and absolute discretion of the Liquidators and will be subject to applicable laws and regulation.

## PART 5

### FINANCIAL INFORMATION

#### 1. INTRODUCTION

The financial statements of the Company for the financial year ended 31 March 2023 have been prepared in accordance with United Kingdom law and United Kingdom adopted International Accounting Standards. The financial statements of the Company for the financial year ended 31 March 2023 were audited by the Auditor, who made an unqualified report under section 495, section 496 and section 497 of the Companies Act 2006 and which did not contain any statement under section 498(2) or (3) of the Companies Act 2006. The Auditor is a member of the Institute of Chartered Accountants in England and Wales.

Copies of the financial statements are available for inspection on the Website.

#### 2. HISTORICAL FINANCIAL INFORMATION

Historical financial information relating to the Company on the matters referred to below is included in the published annual report including audited financial statements of the Company for the financial year ended 31 March 2023 (the **2023 Annual Report**) and the published annual report including audited financial statements of the Company for the financial year ended 31 March 2022 (the **2022 Annual Report**) as set out in the table below and is expressly incorporated by reference into this Prospectus. The non-incorporated parts of the 2023 Annual Report and 2022 Annual Report are either not relevant to investors or covered elsewhere in this Prospectus.

	Annual report and audited financial statements for the year ended 31 March 2022 Page No.	Annual report and audited financial statements for the year ended 31 March 2023 Page No.
<b>Nature of information</b>		
Financial highlights	4-5	4-5
Independent auditor's report	69-76	71-78
Statement of comprehensive income	77	79
Balance sheet	78	80
Statement of changes in equity	79	81
Cash flow statement	80	82
Notes to the financial statements	81-99	83-102

#### 3. SELECTED FINANCIAL INFORMATION

The information in this paragraph 3 is information regarding the Company which has been prepared by the Company and has been extracted directly without material adjustment from the 2022 Annual Report and 2023 Annual Report referred to in paragraph 2 above of this Part 5 (*Financial Information*). Selected historical audited financial information relating to the Company which summarises the financial condition of the Company for each of the financial year ended 31 March 2022 and 31 March 2023 is set out in the following table:

**Income statement for closed-end funds**

	Year ended 31 March 2022			Year ended 31 March 2023		
	Revenue (£'000)	Capital (£'000)	Total (£'000)	Revenue (£'000)	Capital (£'000)	Total (£'000)
(Losses)/gains on investments	—	5,048	5,048	—	(6,084)	(6,084)
Currency (losses)/gains	—	3	3	—	39	39
Total Income	5,239	5,051	10,290	5,673	(6,045)	(372)
Investment management fee	(212)	(212)	(424)	(207)	(207)	(414)
Other administrative expenses	(440)	—	(440)	(417)	—	(417)
Net return before finance costs and taxation	4,587	4,839	9,426	5,049	(6,252)	(1,203)
Finance costs	(135)	(135)	(270)	(363)	(363)	(726)
Profit/(loss) before taxation	4,452	4,704	9,156	4,686	(6,615)	(1,929)
Taxation	(73)	—	(73)	(102)	—	(102)
Profit/(loss) attributable to equity holders of the Company	4,379	4,704	9,083	4,584	(6,615)	(2,031)
Earnings per ordinary share (pence)	14.21	15.27	29.48	14.83	(21.40)	(6.57)

**Balance sheet for closed-end funds**

	At 31 March 2022	At 31 March 2023
Total net assets(£'000)*	85,819	79,913
NAV per Share(pence)*	278.29	257.92

**4. OPERATING AND FINANCIAL REVIEW**

Year ended  
31 March 2023  
Page No.

**Nature of Information**

Chairman's statement	8-10
Investment Managers' review	26-32
List of investments	43-46

**5. SIGNIFICANT CHANGE**

There has been no significant change in the financial position of the Company since 31 March 2023 (being the end of the most recent financial period of the Company for which financial information has been published).

## 6. CAPITALISATION AND INDEBTEDNESS

The tables below set out the capitalisation and the indebtedness of the Company as at the dates stated and as such do not reflect the impact of the Issue.

	As at 31 August 2023 (unaudited) (£'000)
<b>Current debt</b>	
– Guaranteed	—
– Secured	—
– Unguaranteed/unsecured	9,000
<b>Total current debt</b>	<u>9,000</u>
<b>Non-current debt</b>	
– Guaranteed	—
– Secured	—
– Unguaranteed/unsecured	9,956
<b>Total non-current debt</b>	<u>9,956</u>
<b>TOTAL INDEBTEDNESS</b>	<u>18,956</u>
<b>Shareholder equity</b>	
– Share capital*	36,944
– Legal reserve(s)	—
– Other reserves	—
<b>Total capitalisation</b>	<u>36,944</u>

\* comprises 'Called-up share capital' and 'Share premium account'. 'Called-up share capital' include shares held in treasury; as at 31 August 2023 the Company held 39,881 shares in treasury. As a consequence of the Company's active share buy-back programme, the numbers of shares held in treasury had increased to 445,492 as at 13 October 2023, being the latest practicable date prior to the publication of this Prospectus.

The information in the table above has been extracted from the 31 August 2023 unaudited internal management accounts for the Company.

The following table shows the Company's unaudited total financial indebtedness as at 31 August 2023. The information in the following table has been extracted from the 31 August 2023 unaudited internal management accounts for the Company

	As at 31 August 2023 (unaudited) (£'000)
A. Cash	854
B. Cash equivalents	5
C. Other current financial assets	93,938
<b>D. Liquidity (A+B+C)</b>	<b>94,797</b>
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	(9,000)
F. Current portion of non-current financial debt	—
<b>G. Current financial indebtedness (E+F)</b>	<b>(9,000)</b>
<b>H. Net current financial liquidity/(indebtedness) (D+G)</b>	<b>85,797</b>
I. Non-current financial debt (excluding current portion and debt instruments)	(9,956)
J. Debt Instruments	—
K. Non-current trade and other payables	—
<b>L. Non-current financial indebtedness (I+J+K)</b>	<b>(9,956)</b>
<b>M. Total financial liquidity/(indebtedness) (H+L)</b>	<b>75,841</b>

\*\* The Company presents its investment portfolio as 'non-current assets' in the balance sheet to its financial statements. However, for the purposes of this Statement of Indebtedness the Company has presented its investment portfolio as 'Other current financial assets' on the grounds that the Board has performed stress testing and liquidity analysis on the portfolio and considers that, in most foreseeable circumstances, the majority of the Company's investments are realisable within a relatively short timescale.

#### ***Contingent indebtedness not recognised in the Capitalisation and Indebtedness Statement***

As at 13 October 2023, the Company had no indirect or contingent indebtedness.

#### **7. WORKING CAPITAL**

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

#### **8. NET ASSET VALUE**

The unaudited Net Asset Value per Share (including current income, and with borrowing at fair value) as at 13 October 2023 was as follows:

Ordinary Shares                      241.93 pence

#### **9. ANALYSIS OF PORTFOLIOS**

As at 13 October 2023 (being the latest practicable date prior to the publication of this Prospectus), the Portfolio comprised investments and cash with an aggregate unaudited value, calculated in accordance with the Company's accounting policies, of approximately £93.115 million.

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

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



## PART 6

### UK TAXATION

#### 1. GENERAL

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

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

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

**If you are in any doubt about your tax position, you should consult your tax adviser.**

#### 2. THE COMPANY

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under sections 1158 and 1159 of Chapter 4 of Part 24 of CTA 2010 and the Investment Trust Regulations. Having previously obtained approval from HMRC, the Company will continue to be approved as an investment trust pursuant to the Investment Trust Regulations and will therefore continue to have investment trust status in each accounting period, other than where the Company breaches any of the eligibility conditions in section 1158 (and/or section 1159) of Chapter 4 of Part 24 of CTA 2010 or commits a serious breach of any of the requirements imposed by the Investment Trust Regulations. In order to maintain its investment trust status for an accounting period, the Company must not, *inter alia*, be a close company as defined in section 439 of CTA 2010 at any time in that accounting period. The Directors do not anticipate that the Company will be a close company as defined in section 439 of CTA 2010.

Provided that it continues to be approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax in respect of its chargeable gains.

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

An investment trust approved under section 1158 and 1159 of Chapter 4 of Part 24 of CTA 2010 is able to elect to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). The Company may, if it so chooses, designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends out of distributable profits realised in the accounting period, to the extent that it has "qualifying interest income" for that accounting period. Were the Company to designate any dividend it pays in this manner, it should be able to deduct such interest distributions from its taxable income in calculating its taxable profit for the relevant accounting period.

### 3. SHAREHOLDERS

#### 3.1 Taxation of capital gains

Shareholders resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, UK corporation tax, on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Ordinary Shares. From 6 April 2023, a chargeable gain arising on a disposal by an individual Shareholder who is resident in the UK for taxation purposes will be subject to UK capital gains tax at a rate of tax of 20 per cent. where the individual pays income tax at the higher or additional rates of tax or where (and then to the extent only that) the Shareholder pays UK income tax at the basic rate of tax and the gain exceeds the unused portion of the Shareholder's basic rate band; otherwise a capital gains tax rate of 10 per cent. applies. An individual Shareholder may be able to claim certain reliefs (including the Annual Exempt Amount of the first £6,000 of capital gains received in the fiscal year 2023/24) subject to their personal circumstances. For Scottish income taxpayers, references to income tax bands are to be read as if the individual was not a Scottish taxpayer.

Generally, an individual Shareholder who has ceased to be resident in the UK for tax purposes for a period of five years or less and who disposes of Ordinary Shares during that period may be liable, on their return to the UK, to UK capital gains tax on any chargeable gain realised (subject to any available exemption or relief) under anti-avoidance legislation relating to temporary non-residents. Special rules apply to individual Shareholders who are subject to tax on a "split-year" basis, and they should seek specific tax advice if they are in any doubt about their position.

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to UK corporation tax at the rate of UK corporation tax applicable to that Shareholder (currently at a main rate of 25 per cent.) on chargeable gains arising on a disposal of their Ordinary Shares. The 25 per cent. main rate is applicable for those companies with profits over and above £250,000. A small profits rate of 19 per cent. rate applies where profits are below £50,000, with marginal relief for profits between £50,000 and £250,000.

Individual and corporate Shareholders who are neither resident in the UK, nor temporarily non-resident for the purposes of the anti-avoidance legislation referred to above, and who do not carry on a trade in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected, should not be subject to UK taxation on chargeable gains on a disposal of their Ordinary Shares; although, such Shareholders may be subject to taxation in their own jurisdiction.

#### 3.2 Taxation of dividends

##### *General*

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

##### *Individuals*

UK resident individuals are entitled to a nil rate of income tax on the first £1,000 of dividend income for the tax year 2023/24 (the "**Nil Rate Amount**"). Any dividend income received by a UK resident individual Shareholder in respect of the Ordinary Shares in excess of the Nil Rate Amount will be subject to UK income tax at a rate of 8.75 per cent. where such a Shareholder is a basic rate taxpayer; 33.75 per cent. where such a Shareholder is a higher rate taxpayer; and 39.35 per cent. where such a Shareholder is an additional rate taxpayer. For Scottish income tax taxpayers, references to income tax that would otherwise be charged at the basic rate, higher rate and additional rate are to be read as if the individual was not a Scottish taxpayer.

Dividend income that is within the Nil Rate Amount counts towards an individual's basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating which tax band any dividend income over the Nil Rate Amount falls into, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

The Company will not be required to withhold tax at source when paying a dividend to individuals (including such part of any dividend as may be designated an interest distribution as described above).

To the extent that an election is made by the Company to designate part or all of its dividends as an interest distribution in respect of an accounting period under the “streaming” regime, then the corresponding dividends paid by the Company will be taxed as interest income in the hands of UK resident individual shareholders. To the extent the Shareholder is within the basic rate band, interest received in excess of the savings allowance of £1,000 will be taxed at 20 per cent. To the extent the Shareholder is within the higher rate band, interest received in excess of the savings allowance of £500 will be taxed at 40 per cent. To the extent the Shareholder is within the additional rate band, interest received will be taxed at 45 per cent. The tax free savings allowance is not available for additional rate taxpayers. For Scottish income tax taxpayers, references to income tax that would otherwise be charged at the basic rate, higher rate and additional rate are to be read as if the individual was not a Scottish taxpayer.

#### *Corporations*

The statements in the following four paragraphs apply in respect of dividends to which the “streaming” regime does not apply.

A corporate Shareholder who is tax resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its Ordinary Shares are held will be subject to UK corporation tax on the gross amount of any dividends paid by the Company, unless the dividend falls within one of the exempt classes set out in Part 9A of CTA 2009.

It is anticipated that dividends paid on the Ordinary Shares to UK tax resident corporate Shareholders would generally (subject to anti-avoidance rules) fall within one of those exempt classes. However, such Shareholders are advised to consult their tax advisers to determine whether such dividends will be subject to UK corporation tax. If the dividends do not fall within any of the exempt classes, the dividends will be subject to UK corporation tax currently at a main rate of 25 per cent. for those companies with profits over and above £250,000 and at a small profits rate of 19 per cent. for those companies with profits under £50,000, with marginal relief for profits between £50,000 and £250,000.

To the extent that an election is made by the Company to designate part or all of its dividends as an interest distribution in respect of an accounting period under the “streaming” regime, then the corresponding dividends paid by the Company will be taxed according to the loan relationship rules in the hands of UK resident corporate Shareholders and subject to UK corporation tax currently at a main rate of 25 per cent. for those companies with profits over and above £250,000 and at a small profits rate of 19 per cent. for those companies with profits under £50,000, with marginal relief for profits between £50,000 and £250,000.

The Company will not be required to withhold tax at source when paying a dividend to corporations (including such part of any dividend as may be designated an interest distribution as described above).

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

## **4. STAMP DUTY AND SDRT**

### **4.1 Issue of New Shares pursuant to the Issue**

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

### **4.2 Subsequent transfers**

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

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

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

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

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

## **5. ISAS, SIPPS AND SSAS**

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

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

## **6. INFORMATION REPORTING**

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, FATCA. The UK has also introduced legislation implementing other international exchange of information arrangements, including CRS developed by the OECD. In connection with such international agreements, obligations 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 and obligations.

## **7. PREVENTION OF THE CRIMINAL FACILITATION OF TAX EVASION**

Two UK corporate criminal offences for failure to prevent the facilitation of tax evasion (**FTP** offences) created by the Criminal Finances Act 2017 impose criminal liability on a company or a partnership (a “**relevant body**”) if it fails to prevent the criminal facilitation of tax evasion by a person “when acting in the capacity of a person associated” with the relevant body. There is a defence to the charge if the relevant body can show that it had in place reasonable “prevention procedures” at the time the facilitation took place. In order to comply with the Criminal Finances Act 2017, the Company, the AIFM and the Investment Manager may require additional information from Shareholders or prospective investors in the Company regarding their tax affairs.

## PART 7

### GENERAL INFORMATION

#### 1. RESPONSIBILITY

The Company, whose registered office appears in paragraph 2.3 of this Part 7 (*General Information*) and whose principal activity is investing substantially in UK equities, and the Directors accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. All of the Directors accept responsibility accordingly.

The AIFM and the Investment Manager accept responsibility for the information and opinions contained in: (a) the risk factors contained under the heading *Risks relating to the investment objective and policy*; (b) paragraph 7 (*Net Asset Value Calculations and Valuation Policy*) of Part 1 of this Prospectus; (c) Part 2 (*Investment Strategy and Portfolio*); (d) paragraph 2.1 (*Managerial, secretarial and administration arrangements*) of Part 3 of this Prospectus and; (e) any other information or opinion related to or attributed to either of them or to any of their affiliates.

#### 2. THE COMPANY

2.1 The Company was incorporated in England and Wales on 28 March 1929 with registered number 00386561 as a public company limited by shares under the Companies Act 2006. The Company is registered as an investment company under section 833 of the Companies Act 2006. The Company's LEI is 549300HVCIHQNZAYA89. The Company does not have a fixed life.

2.2 As a listed investment trust, the Company is not regulated as a collective investment scheme by the FCA. However, as a company with its Ordinary Shares admitted to listing on the premium segment of the Official List and to trading on the Main Market, it is subject to the Prospectus Regulation Rules, the Listing Rules, the DTR, the Takeover Code, the UK Market Abuse Regulation and the rules of the London Stock Exchange. The Company is domiciled in England. The Company is an alternative investment fund pursuant to the UK AIFM Regulations. The principal legislation under which the Company operates is the Companies Act 2006.

2.3 The address of the registered office and principal place of business of the Company is 280 Bishopsgate, London EC2M 4AG, with freephone telephone number: 0800 500 0040 (open Monday to Friday, 9 a.m. to 5.00 p.m., excluding public holidays in England and Wales).

2.4 The Company has no employees and its day-to-day activities are delegated to third parties.

2.5 The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the CTA 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In summary, the key conditions that must be met for approval by HMRC for any given accounting period as an investment trust are that:

2.5.1 throughout the accounting period, all, or substantially all, of the business of the Company is investing its funds in shares, land or other assets (being shares in the case of the Company) with the aim of spreading investment risk and giving members the benefit of the results of the management of its funds;

2.5.2 the Company is not a close company at any time during the accounting period;

2.5.3 the Company's ordinary share capital is admitted to trading on a regulated market (as defined in section 1158(4) of the CTA 2010) throughout the accounting period;

2.5.4 the Company must not retain in respect of the accounting period an amount greater than the higher of: (i) 15 per cent. of its income for the period; and (ii) the amount of any income which the Company is required to retain in respect of the period by virtue of a restriction imposed by law. However, where the Company has relevant accumulated losses brought forward from previous accounting periods of an amount equal to or greater than the higher

of the amounts mentioned in (i) and (ii) above, it may retain an amount equal to the amount of such losses;

2.5.5 all, substantially all, of the business of the Company is investing its funds in shares, land or other assets with the aim of spreading investment risk and giving Shareholders the benefit of the results of the management of its funds; and

2.5.6 the Company notifies HMRC if it revises its published investment policy.

### 3. SHARE CAPITAL

3.1 As at 13 October 2023, being the latest practicable date prior to the publication of this Prospectus, the issued and fully paid share capital of the Company (excluding shares held in treasury) consisted of:

	Nominal value (£)	Number
Ordinary Shares	0.50	30,519,088
Cumulative Preference Shares	1.00	50,000

3.2 As at 13 October 2023, being the latest practicable date prior to the publication of this Prospectus, the Company held 445,492 Ordinary Shares in treasury. The Ordinary Shares are admitted to the premium listed segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. The Company has no authorised share capital.

3.3 For illustrative purposes only, had the Calculation Date been 5.00 p.m. on 13 October 2023 (being the latest practicable date prior to the publication of this Prospectus), and assuming that no ASCI Shareholders exercise their right to dissent from participation in the Scheme and assuming:

3.3.1 the amount is elected for the Cash Option is 25 per cent., so that 13,086,179 New Shares were issued, the issued and fully paid share capital of the Company immediately following the Issue (excluding treasury shares) would have been as follows:

	Nominal value (£)	Number
Ordinary Shares	21,802,634	43,605,267

3.3.2 all ASCI Shareholders had elected to receive New Shares, so that 18,325,469 New Shares were issued, the issued and fully paid share capital of the Company immediately following the Issue (excluding treasury shares) would have been as follows:

	Nominal value (£)	Number
Ordinary Shares	24,422,279	48,844,557

3.4 In addition to the ordinary business of the Company, resolutions were passed at the AGM held on 6 July 2023 as follows:

3.4.1 the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot relevant securities (as defined in sections 551(3) and (6) of the Companies Act 2006) up to an aggregate nominal amount equal to £1,548,229, or, if less, the number representing 10 per cent. of the issued Ordinary share capital at the time of the passing of this resolution, provided that this authority shall expire on 30 September 2024, or if earlier, at the conclusion of the next annual general meeting of the Company but so that such authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the power conferred hereby had not expired;

3.4.2 the Directors were generally empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority under Section 551 of the Act as if Section 561 of the Companies Act 2006 did not apply to any such allotment, provided that this power:

- (a) expires on 30 September 2024 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of the resolution, but the Company may make an offer or agreement which would or might require equity securities to be allotted after the expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if that power had not expired; and
- (b) shall be limited to the allotment of equity securities for cash up to an aggregate nominal amount of £1,548,229 or, if less, the number representing 10 per cent. of the issued Ordinary share capital of the Company as at the date of the passing of the resolution.

This power applies in relation to the sale of shares which is an allotment of equity securities that immediately before the allotment are held by the Company as treasury shares.

3.4.3 the Directors were empowered and unconditionally authorised in accordance with section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006 of its issued Ordinary Shares provided always that

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be limited to £2,320,795 or, if less, the number representing 14.99% of the issued Ordinary share capital of the Company as at the date of the passing of this resolution;
- (b) the minimum price which may be paid for a Share shall be 50p (exclusive of expenses);
- (c) the maximum price (exclusive of expenses) which may be paid for a Share must not be more than the higher of: (a) 105% of the average middle market quotations (as derived from the Official List of the London Stock Exchange) for the shares for the five business days immediately preceding the date of purchase; and (b) the higher of the price of the last independent trade in the Ordinary Shares and the highest then current independent bid for the Ordinary Shares on the London Stock Exchange;
- (d) unless previously varied, revoked or renewed, the authority hereby conferred shall expire on 30 September 2024 or, if earlier, at the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, at any time prior to such expiry, enter into a contract or contracts to purchase shares under such authority which would or might be completed or executed wholly or partly after the expiration of such authority and may make a purchase of shares pursuant to any such contract or contracts as if the authority conferred hereby had not expired.

3.4.4 the period of notice required for general meetings of the Company (other than Annual General Meetings) shall be not less than 14 days.

3.5 At the General Meeting, the Directors will seek Shareholder authority generally and unconditionally, pursuant to section 551 of the Companies Act 2006, to allot New Shares and to grant rights to subscribe for or to convert any securities into New Shares up to an aggregate nominal amount of £10,000,000 in connection with the Issue (such authority to expire on 31 December 2023 (unless previously revoked). In addition, it will seek to refresh existing authorities re pre-emption, buyback and allotment to reflect the size of the Enlarged Company which shall expire at the next annual general meeting of the Company or 30 September 2024, whichever is earlier.

- 3.6 As at 13 October 2023, being the latest practicable date prior to the publication of this Prospectus:
- 3.6.1 no subscriptions, issues or options are to be given by the Company, or are already existing, in respect of any securities of the Company, including any that have a prior right over the Ordinary Shares to a distribution of the profits or assets of the Company;
  - 3.6.2 no shares which do not represent capital have been issued by the Company and remain outstanding;
  - 3.6.3 no convertible securities, exchangeable securities or securities with warrants have been issued by the Company and remain outstanding; and
  - 3.6.4 save in connection with the Issue there are no acquisition rights and/or obligations over any of the Company's authorised but unissued capital and no undertakings to increase the Company's capital.
- 3.7 There have been no public takeover bids by third parties in respect of the Company's equity, since the financial year ended 31 March 2023.

#### **4. ARTICLES OF ASSOCIATION**

Below is a summary of the provisions in the Articles relating to the rights attached to the securities, including any limitation of those rights and procedures for the exercise of those rights.

Summary of the share rights in the Articles as at the date of this Prospectus:

##### **4.1 Variation of rights**

Subject to the provisions of the Companies Act 2006, if at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class (whether or not the Company is being wound up) may be varied either in the manner provided for by the rights of that class or in the absence of such provision either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

The rights attached to any class of shares, unless expressly provided for, shall not be deemed to be varied by the allotment or further issue of equal ranking shares, the purchase, redemption or cancellation by the Company of any of its own shares, the transfer or sale of treasury shares or the directors resolving that a class of shares shall become a participating security.

##### **4.2 Alteration of share capital**

Subject to the Statutes and if authorised by an ordinary resolution, the Company may consolidate, or consolidate and divide all or any of its share capital into shares of a larger nominal amount than its existing shares and sub-divide its shares into a smaller nominal amount than its existing shares. Whenever as a result of any consolidation and division or sub-division of shares any members of the Company would become entitled to any issued shares of the Company in fractions, the Board may deal with such fractions as it shall determine and in particular may sell the shares to which members would become so entitled in fractions to any person (including, subject to the provisions of the Statutes, the Company) for the best price reasonably obtainable and pay and distribute to and amongst the members entitled to such shares, in due proportions, the net proceeds of the sale thereof provided that where the entitlement of a member is to a sum of less than £5.00 then such sum may be retained by the Company for its own benefit.

For the purpose of giving effect to any such sale the Board may authorise some person to execute an instrument of transfer of a certificated share or effect the transfer of an uncertificated share on behalf of the holder of the share to any person. The transfer will be effective as if it had been made by the holder of the share.



#### **4.3 Conversion of shares**

Subject to the Statutes, and without prejudice to any rights attached to any class of Shares, any Share may be issued with such conversion rights as the Company may determine by ordinary resolution.

#### **4.4 Issue of shares**

Subject to the Statutes, the Articles and any resolution of the Company in general meeting, the Directors may allot Shares at such times and on such terms as they think proper. No Share may be issued at a discount.

#### **4.5 Dividends**

The holders of each class of Shares shall have the right to receive the revenue profits of the Company attributable to the Portfolio established for that class and available for distribution.

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Shareholders but no dividend shall exceed the amount recommended by the Directors. Subject to any priority, preference or special rights as to dividends attached to any class of Shares, all dividends shall be apportioned and paid *pro rata* according to the amounts paid on the Share during any portion or portions of the period in respect of which the dividend is paid.

The Directors may declare and pay fixed dividends on any class of shares carrying a fixed dividend and may also declare and pay interim dividends.

Except as otherwise provided by the rights attaching to, or the terms of issue of, any Share, all dividends shall be apportioned and paid in proportion to the amounts paid on the Shares during any part(s) of the period in respect of which the dividend is paid. No amount paid up on a Share in advance of calls shall be treated as paid up on the Share.

No dividend payable in respect of a Share shall bear interest as against the Company unless otherwise provided by the rights attached to such Share.

The Company may, on the recommendations of the Directors, by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets. Directors shall give effect to such a resolution and where any difficulty arises settle the difficulty in a way they think expedient and may make provisions for dealing with fractional entitlements, fix the value for distribution of such specific assets, determine that cash payments be made on fixed value and vest any such specific assets on trustees.

#### **4.6 Reserves**

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

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

All moneys derived from the sale, realisation or repayment of any capital assets of the Company in excess of the price at which such assets stand in the books of the Company at the time and all other moneys in the nature of accretion of capital including but not limited to any moneys representing surplus resulting from the writing up of the book value and other sums in the nature of capital profit shall be credited to a capital reserve or applied for some capital purpose.

Any loss on the sale, realisation, repayment, or revaluation of capital assets may be charged wholly or partially against any funds of the Company, including reserve funds as the Directors may in their discretion determine.

#### **4.7 Voting rights**

The holders of each class of Shares shall have the right to vote at any general meeting of the Company.

At any general meeting of the Company, on a show of hands every Shareholder who is present in person or by proxy shall have one vote and on a poll every Shareholder who is present in person or by proxy shall, in respect of each Share held by him, have one vote.

At any separate class meeting of the holders of any class of Shares, on a show of hands every holder of Shares who is present in person or by proxy shall have one vote and on a poll every holder of Shares who is present in person or by proxy shall have one vote for every share of which he is the holder.

Unless the Directors otherwise determine, no Shareholder shall have any right to vote at any general meeting or at any separate meeting of the holders of any class of Share, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that Share have been paid.

#### **4.8 Transfer of shares**

Subject to the Articles, any member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form approved by the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.

Subject to the Articles, an uncertificated share may be transferred in accordance with the CREST Regulations and the rules of any relevant system.

The Directors may, subject to the Market Rules and requirements of the FCA, refuse to register the transfer of a certificated Share which is not a fully paid Share provided that such power will not be exercised so as to disturb the market in the Shares.

In addition, the Directors may refuse to register the transfer of a certificated Share unless: all of the following conditions are satisfied: (i) it is in respect of only one class of Share; (ii) it is in favour of a single transferee or renounee or not more than four joint transferees or renounees; (iii) it is duly stamped (if required); and (iv) it is delivered for registration to the registrar's office or such other place as the Directors have specified, accompanied by the certificate(s) for the Shares to which it relates and such other evidence as the Directors may reasonably require to prove the title of the transferor.

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

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

#### **4.9 Distribution of assets on a winding up**

On a winding-up, after meeting the liabilities of the Company (including to the Cumulative Preference Shareholders), the surplus assets of the Company will be paid to the holders of the Ordinary Shares in proportion to their shareholdings.

On a winding-up Cumulative Preference Shareholders are entitled to the payment of such fixed cumulative preferential dividends to the date of such winding up and to the repayment of the capital paid up on such shares in priority to any payment to the holders of the Ordinary Shares.

#### **4.10 Restrictions on rights: failure to respond to a section 793 notice**

If a Shareholder has been duly served with a section 793 notice and is in default for the prescribed period in supplying to the Company the information required by such notice, then unless the Directors otherwise determine, in respect of the relevant Shares, the Shareholder shall not, for as long as the default continues, be entitled to attend, vote or speak, either personally or by proxy, at a general meeting (including a separate meeting of the holders of shares of a particular class). Where the default Share represent not less than 0.25 per cent. of the issued shares of the class in question, the Directors may issue a direction notice in respect of the withholding of any dividend payable.

#### **4.11 Untraced Shareholders**

The Company may sell, at the best price reasonably obtainable at the time of sale, the Shares of a member, if, during the period of 12 years immediately prior to the date of publication of two newspaper advertisements of the Company's intention to sell the relevant Shares at least three dividends in respect of such Shares have become payable and have not been claimed, and three months after the publication of the newspaper advertisements no communication has been received by the Company from the Shareholder.

#### **4.12 General meetings**

Subject to the Statutes, an annual general meeting shall be called by not less than 21 clear days' notice in writing and any other general meeting by not less than 14 clear days' notice in writing. The notice shall be given to the Company's auditors, to the Directors and to all members who are entitled to receive such notices from the Company.

No business, other than the appointment of a chairman of the meeting, shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two individuals, being two members present in person or by proxy shall be a quorum for all purposes.

A Shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a general meeting. A Shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. Subject to the provisions of the Companies Act 2006, any corporation 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 does not prevent a member attending and voting in person at the meeting or at an adjournment of the meeting.

Each Director is entitled to attend and speak at any general meeting of the Company (and at all separate meetings of the holders of a class of shares or debentures) irrespective of whether or not he is a member.

A resolution put to the vote at any general meeting shall be decided on a show of hands unless a poll is duly demanded. A poll may be demanded in advance of the general meeting where the resolution is to be put to the vote, or at the general meeting before, or on the declaration of the result of, a show of hands on that resolution, or on the withdrawal of any other demand for a poll in accordance with the Articles. A poll may be demanded by the chairman of the meeting or those members entitled under the Companies Act 2006 to demand a poll.

## **5. THE TAKEOVER CODE**

### **5.1 Mandatory bid**

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

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

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

### **5.2 Compulsory acquisition**

Under sections 974 to 991 of the Companies Act 2006, if an offeror acquires or contracts to acquire (pursuant to a takeover offer) not less than 90 per cent. of the shares (in value and by voting rights) to which such offer relates it may then compulsorily acquire the outstanding shares not assented to the offer. It would do so by sending a notice to outstanding holders of shares telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the company, which would hold the consideration on trust for the outstanding holders of shares. The consideration offered to the holders whose shares are compulsorily acquired under the Companies Act 2006 must, in general, be the same as the consideration that was available under the takeover offer.

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

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

### **5.3 Frustrating actions**

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

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

## 6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### 6.1 Directors' interests

6.1.1 Accordingly, following implementation of the Issue, the interests (all of which are or will be beneficial unless otherwise stated) of the Directors (together with their connected persons) in the issued share capital of the Company are expected to be as follows (assuming 25 per cent. is elected for the Cash Option, so that 13,086,179 New Shares are issued):

	Robert Talbut	Robin Archibald	Jane Pearce	Helen Sinclair
Number of Ordinary Shares as at 13 October 2023	18,496	22,471	3,000	3,000
% of issued Ordinary Share capital prior to Completion	0.06%	0.07%	0.01%	0.01%

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

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

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

### 6.2 Directors' contracts with the Company

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

### 6.3 Directors' other interests

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

	Current directorships/partnerships	Past directorships/partnerships
Robert Talbut (Chairman)	JPMorgan American Investment Trust PLC Pacific Assets Trust PLC Schroder UK Mid Cap Fund PLC	New Hall School Trust EFG Asset Management (UK) Limited
Robin Archibald	Asam EOT Trustees Limited Henderson European Focus Trust plc Capital Gearing Trust P.L.C. AEW UK REIT plc	Albion Technology & General VCT PLC EPIC (No.1) Limited Ediston Property Investment Company PLC EPIC (No.2) Limited
Jane Pearce	37 Kempsford Gardens Residents Limited Morgan Stanley Bank International Limited Morgan Stanley & Co. International PLC Morgan Stanley Investment Management Limited Morgan Stanley International Limited Polar Capital Technology Trust PLC	None.

	Current directorships/partnerships	Past directorships/partnerships
Helen Sinclair	Blackrock Smaller Companies Trust PLC W.H.Ireland Group PLC W H Ireland Limited North East Finance (SUBCO) Limited North East Finance (HOLDCO) Limited 16 Dennington Park Road Limited 39 Homer Street Management Limited Hemstall Road Residents Co Limited Octopus Future Generations VCT plc Sherborne Investors (Guernsey) C Limited	British Smaller Companies VCT plc Mobeus Income & Growth 4 VCT plc The Income & Growth VCT plc Rockwood Strategic plc

6.3.2 As at the date of this Prospectus, there are no potential conflicts of interest between any of the Directors' duties to the Company and their private interests and/or other duties.

6.3.3 There are no lock-up provisions regarding the disposal by any of the Directors of any Ordinary Shares.

6.3.4 The Directors in the five years before the date of this Prospectus:

- (a) do not have any convictions in relation to fraudulent offences;
- (b) have not been associated with any bankruptcies, receiverships, liquidations or administrations 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
- (c) do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

6.3.5 The Company shall maintain directors' and officers' liability insurance on behalf of the Company at the expense of the Company.

## 6.4 Major Shareholders

6.4.1 The Company shall issue a notice requiring disclosure of an interest in shares of 3 per cent. or more of the issued share capital of the Company and the DTR provide that certain persons (including shareholders) must notify the Company if the proportion of the Company's voting rights which they then hold directly or indirectly as a Shareholder or through a direct or indirect holding of certain financial instruments reaches, exceeds or falls below thresholds of 3 per cent., 4 per cent., 5 per cent., 6 per cent., 7 per cent., 8 per cent., 9 per cent. and 10 per cent. and each 1 per cent. thereafter up to 100 per cent.

6.4.2 As at close of business on 13 October 2023, being the latest practicable date prior to the publication of this Prospectus, in so far as it is known to the Company, and as notifiable under the DTRs, there were no persons who held directly or indirectly 3 per cent. or more of the issued Ordinary Shares or the Company's voting rights.

6.4.3 As at the date of this Prospectus, the Company and the Directors are not aware of any person who will directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company is not aware of any arrangement, the operation of which may at a subsequent date result in a change of control of the Company.

6.4.4 Major Shareholders do not have any different voting rights from other Shareholders.

## 6.5 Related party transactions

As at the date of this Prospectus, except:

- the related party transaction of ASCI pertaining to the Company's participation in the Scheme, further details of which are set out in Part 4 of this document;
- in relation to the appointment letters entered into between the Company and each Director, the fees payable during the year to the Directors (which as the date of this Prospectus are £41,000 per annum for the Chairman, £34,500 per annum for the Chairman of the Audit Committee and Senior Independent Director and £29,000 for the remaining Director) and their interests in the Ordinary Shares (if any); and
- the agreements with the abrdn Group for the provision of management, secretarial, accounting and administration services and for carrying out of promotional activities in relation to the Company,

the Company is not a party to, nor has any interest in, any related party transaction (as defined in the UK-adopted international accounting standards).

## 7. MATERIAL CONTRACTS

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

### 7.1 Management Agreement:

The Company entered into the Management Agreement with the AIFM on 14 July 2014. The Management Agreement was amended pursuant to supplemental agreements dated 18 May 2017, 7 November 2017, 30 April 2018 and 20 July 2020. Under the Management Agreement the AIFM has been appointed to provide to the Company portfolio and risk management services in accordance with the Company's investment objective and policy, and subject to the overall supervision of the Directors in accordance with the policies laid down by the Directors from time to time and the investment restrictions referred to in the Management Agreement.

The AIFM is also responsible for the provision of general administrative services to the Company, including but not limited to the provision of company secretarial services. Such services have been sub-delegated by the AIFM to abrdn Holdings Limited.

The AIFM is also responsible for the provision of promotional services to the Company. Such services have been sub-delegated by the AIFM to abrdn Investments Limited.

Pursuant to the delegation agreement between the AIFM and the Investment Manager, the AIFM has delegated day-to-day management of the Company's portfolio to the Investment Manager. The Investment Manager manages the Portfolio and the Company's investments in accordance with the policies laid down by the Directors from time to time and in accordance with the investment guidelines referred to in the Management Agreement.

The AIFM is entitled to a basic fee per annum as follows:

- 0.45 per cent. of up to and including net asset value of £100 million; and
- 0.40 per cent of net asset value in excess of £100 million;

(including any borrowings up to a maximum of £30 million, and excluding commonly managed funds)

The Management Agreement provides for the fee to be reduced by any fee payable separately to the AIFM on any investments in other funds managed by the AIFM. The AIFM is also entitled to receive annual fees in respect of the provision of promotional and communication services to the Company calculated by reference to the Company's assets under management in any financial year on a basis to be agreed from time to time between the AIFM and the Company. If

the Scheme becomes effective, a new administration fee of £120,000 (plus VAT) per annum, effective from the completion of the Scheme, will also be payable by the Company to the AIFM.

The AIFM has agreed to make a contribution to the costs of the Scheme by means of a reduction in the management fee payable by the Company to AFML. The fee reduction will constitute a waiver of the management fee that would otherwise be payable by the Company to AFML in respect of the assets transferred by ASCI to the Company pursuant to the Scheme for the first six months following the completion of the Scheme (the **AFML Contribution**). The financial value of this amount (which is estimated at £87,051 based on the Company's NAV as at 13 October 2023 and assuming no ASCI Shareholders exercise their right to dissent from participation in the Scheme and that 25 per cent. of ASCI Shareholders elect for the Cash Option) will be satisfied by the AIFM by means of a waiver of its fees for the benefit of the shareholders of the Enlarged Company. The AIFM contribution is subject to the Company not terminating the management agreement (other than for cause as provided under such agreement) for three years from the Effective Date of the Scheme, failing which the enlarged Company will be obliged to repay all or part (depending on the point of termination) of the AFML Contribution.

The Management Agreement is terminable by:

- (a) either party on 6 months' prior written notice (provided however that the Company may terminate on immediate notice on payment by the AIFM of 6 months' fees in lieu of notice);
- (b) either party if they are subject to an investigation, audit or visit by the FCA during which or at the conclusions of which the AIFM is subject to an adverse finding in writing relating to its control systems or other significant aspect of its business which might reasonably be expected by an objective customer retaining the services of a reputable investment manager to have a materially adverse effect on the Company's business or reputation;
- (c) the Company if the AIFM (or the Investment Manager, as the case may be) ceases to maintain its permission from the FCA to act as AIFM of the Company, or such permission is suspended;
- (d) the Company if the AIFM fails to notify the Company of an investigation by the FCA in accordance with the applicable terms in the Management Agreement;
- (e) the Company if it shall cease to satisfy or be capable of satisfying the conditions for approval as an investment trust for United Kingdom tax purposes by reason of the negligence or wilful default of the AIFM or any of its directors, officers, employees or agents;
- (f) the Company if a change in the control of the AIFM shall occur without the Company's prior written agreement;
- (g) the Company if the individual investment manager or managers employed by the AIFM who are from time to time primarily responsible for the Company's Portfolio shall cease to be in full-time employment of the AIFM;
- (h) the AIFM if the Company (i) takes such action or resolves to take such action; or (ii) fails to take such action or fails to resolve to take such action, as is recommended in writing by the AIFM, and in either case, the result of such action or inaction would, in the opinion of the AIFM, acting reasonably, cause the AIFM to be in breach of, or become unable otherwise to comply with its obligations under the UK AIFM Regulations; or
- (i) the AIFM if a shareholder resolution which would make changes to the investment objective, policy and limitation of the Company such that the AIFM, in its reasonable opinion, can no longer carry out its duties and responsibilities under the Management Agreement to the standard expected of a professional discretionary investment manager, is passed by the Company's shareholders and adopted by the Board.

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



The Management Agreement contains customary indemnities given by the Company in favour of the AIFM.

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

## **7.2 Registrar Agreement**

The Registrar was appointed by the Company to provide registrar services pursuant to the Registrar's Agreement entered into between the Company and the Registrar dated 1 May 2020. The Company pays to the Registrar an annual fee in accordance with a Fee Schedule, as amended from time to time, for the services to be rendered by the Registrar under the Registrar's Agreement. The base fee is £21,000 subject to an Average Weekly Earnings Index review following the first anniversary following the commencement date. The Company pays additional fees to the Registrar for transfers, register analysis (20 per annum), management reporting, maintenance of an Indirect Investors Register and communication. The fees paid to the Registrar by the Company for services provided under the Registrar's Agreement are listed at paragraph 5.2 of Part 3 (*Directors, Management And Administration Of The Company*). The Registrar's Agreement contains certain standard indemnities from the Company in favour of the Registrar and from the Registrar in favour of the Company.

## **7.3 Receiving Agent's Agreement**

The Company and Equiniti Limited have entered into the Receiving Agent Agreement dated 17 October 2023 pursuant to which Equiniti Limited has been appointed as Receiving Agent to the Company.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to a fixed fee of £7,500. The Receiving Agent is also entitled to reimbursement of reasonable out of pocket expenses incurred in connection with the provision of services under the Receiving Agent Agreement.

Either party may terminate the Receiving Agent Agreement with immediate effect upon written notice if (i) the other party commits a material breach of its obligations under the Receiving Agent Agreement which that party has failed to remedy within thirty days of written notice from the first party requiring it to do so, or (ii) the other party is subject to certain insolvency events.

The Company has given certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying out its responsibilities under the Receiving Agent Agreement. The Receiving Agent's liability under the Receiving Agent Agreement is subject to a cap.

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

## **7.4 Depositary Agreement**

The Depositary Agreement is dated 14 July 2014 and entered into between the Company, the AIFM and BNP Paribas Securities Services, London Branch (**BNP**) whereby BNP was appointed to act as custodian and depositary of the Company. The Depositary Agreement was amended and novated to the Depositary pursuant to a supplemental agreement effective 30 June 2022. The Depositary performs the customary services of a depositary in accordance with the UK AIFM Regulations. The Depositary may delegate its obligations in respect of the safe keeping of the Company's investments to third parties, subject to AIFM law and the certain conditions within the Depositary Agreement. The Depositary has not contractually discharged any of its liabilities under the Depositary Agreement in respect of any delegated services. The Depositary has delegated the provision of custodian services to BNP Paribas Securities Services, London Branch.

The Depositary Agreement may be immediately terminated by either party where (i) the other party is subject to an insolvency event, (ii) the other party ceases to be authorised to carry on its relevant regulated activity by the relevant regulatory authority, or (iii) the other party has committed any material breach of the provisions of the Depositary Agreement, and if capable of

remedy, has not remedied that breach within 30 business days after the service of written notice requiring it to be remedied. The Depositary Agreement contains customary indemnities given by the Company in favour of the Depositary.

The Depositary Agreement is governed by the laws of England.

## **7.5 Facility**

The Company entered into a five year facilities agreement with The Royal Bank of Scotland International Limited (London Branch) (“**RBSI**”) on 3 May 2022 which is due to mature in April 2027. Pursuant to the facilities agreement, RBSI provided the Company with a £20 million committed sterling loan facility comprised of a fixed rate loan facility and a revolving credit facility (the “**Facilities**”) to finance investments in accordance with the Company’s investment policy and satisfy the Company’s general corporate purposes. Under the Facilities RBSI is not bound to monitor or verify the utilisation of the Facilities. For amounts drawn on the Facilities, interest is payable based on a margin and a fixed fund rate or compounded reference rate (as applicable).

Under the Facilities covenants, the Company’s total indebtedness must not exceed 33 per cent. of adjusted total assets and the adjusted total assets must not be less than £40 million.

## **7.6 Transfer Agreement**

The Company, ASCI and the Liquidators will enter into the Transfer Agreement on or around the Effective Date, which is expected to be 1 December 2023 pursuant to which the Rollover Pool will be transferred to the Company in satisfaction of the entitlements of the Company as holder of the ASCI Reclassified Shares with “C” rights and in consideration for the issue of New Shares to the holders of ASCI Reclassified Shares with “A” rights.

Thereafter, the Liquidators will renounce the allotments of the New Shares in favour of ASCI Shareholders who have elected (or are deemed to have elected) to receive New Shares, and such New Shares will be issued by the Company to those ASCI Shareholders pursuant to the Scheme.

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

The Transfer Agreement will be governed by the laws of England and Wales.

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

## **7.7 Sponsor Agreement**

The Company, the AIFM and the Sponsor have entered into the Sponsor Agreement dated 17 October 2023 pursuant to which, subject to certain conditions, the Company has appointed JPM as sponsor in relation to the Combination of the Company with ASCI.

The Sponsor Agreement may be terminated by the Sponsor in certain customary circumstances, including prior to Admission. The obligation of the Sponsor to provide services under the Sponsor Agreement is conditional upon certain conditions that are customary for agreements of this nature, including those listed in paragraph 5 of Part 4 (*Details of the Scheme and the Issue*) of this Prospectus. The Company will pay the Sponsor a sponsor, financial adviser and corporate finance fee in connection with the Sponsor’s appointment, and the Sponsor will also be entitled to reimbursement of all costs, charges and expenses which it incurs in connection with the Issue, the Scheme and Admission. The Company and the AIFM have given certain warranties and indemnities to the Sponsor. These warranties and indemnities given by the Company and the AIFM are customary for an agreement of this nature.

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

## 8. LITIGATION

During the 12 month period prior to the date of this Prospectus there have been, and are, no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, which may have, or have had, in the recent past, a significant effect on the Company and/or the financial position or profitability of the Company.

## 9. THIRD PARTY INFORMATION AND CONSENTS

- 9.1 Certain information contained in this Prospectus has been sourced from third parties and where such third-party information has been referenced in the Prospectus, the source of that information has been disclosed. Where information contained in this Prospectus has been so sourced, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 9.2 The AIFM, the Investment Manager and JPM have each given and not withdrawn their written consent to the inclusion in this Prospectus of references to their name.
- 9.3 abrdn Fund Managers Limited and abrdn Investments Limited accept responsibility for the information and opinions contained in: (a) the risk factors contained under the heading *Risks relating to the investment objective and policy*; (b) paragraph 7 (*Net Asset Value Calculations and Valuation Policy*) of Part 1 of this Prospectus; (c) Part 2 (*Investment Strategy and Portfolio*); (d) paragraph 2.1 (*Managerial, secretarial and administration arrangements*) of Part 3 of this Prospectus and; (e) any other information or opinion related to or attributed to either of them or to any of their affiliates.

## 10. UK AIFM REGULATIONS DISCLOSURES

- 10.1 The AIFM is required to make certain disclosures to prospective investors prior to their investment in the Company, in accordance with section 3.2 of the Investment Funds Sourcebook. An explanation of where each of these disclosures may be found in this Prospectus (or of the non-applicability to the Company of certain of these disclosures) is set out in this paragraph 10.
- 10.2 Part 1 (*The Company and the Investment Manager*) of this Prospectus contains a description of the investment objective and investment policy of the Company, the types of assets in which the Company may invest, the techniques it may employ, any applicable investment restrictions and the procedures by which the Company may change its investment strategy or the Company's investment policy.
- 10.3 Part 1 (*The Company and the Investment Manager*) of this Prospectus also contains a description of the circumstances in which the Company may use leverage, the types and sources of leverage permitted, restrictions on the use of leverage and the maximum level of leverage which the Company is permitted to employ. There are no collateral or reuse arrangements in place in respect of the Portfolios.
- 10.4 Part 2 (*Investment Strategy and Portfolio*) of this Prospectus contains a description of the investment strategy of the Company and its Portfolios.
- 10.5 The key risks associated with the investment policy, strategy, objectives and techniques of the Company are contained in Part 1 (*Risk Factors*) of this Prospectus.
- 10.6 The Company is not a fund of funds and so there is no master AIF for the purposes of the UK AIFM Regulations, nor will there be any underlying funds.
- 10.7 A description of the terms and conditions and of the Issue and the Scheme are contained in Part 4 (*Details of Issue and Scheme*) of this Prospectus. The Issue is governed by English law and subject to the jurisdiction of English courts, the same law and jurisdiction under which the Company is established.

The UK has acceded to the Hague Convention on Choice of Courts Agreements 2005 (the “**Hague Convention**”) which applies between the EU member states, Montenegro, Denmark, Mexico, Singapore and the UK and provides for the recognition of foreign judgments in respect of contracts which contain an exclusive jurisdiction clause. The Hague Convention does not, however, extend to contracts containing non-exclusive jurisdiction clauses, which typically permit the more dominant party to the contract to sue in the court of their choice while restricting the right of the less dominant party to the courts of a single country. The UK has also applied to re-join the Lugano Convention 2007 which would permit for the recognition of judgments based on contracts under the laws of member states regardless of whether the contract contains an exclusive or a non-exclusive choice of law clause in the states that are parties to that convention (i.e. EU member states and Iceland, Norway and Switzerland). However, each member of the Lugano Convention (EU, Iceland, Norway and Switzerland) has a veto on the accession of new members and UK accession may not occur.

## 11. MAR DISCLOSURE

The table below sets out a summary of the information disclosed by the Company under UK MAR over the 12-month period preceding the date of this Prospectus and which is relevant as at the date of this prospectus.

<b>Date</b>	<b>Title of Announcement</b>	<b>Disclosure</b>
14 February 2023	Announcement by abrdn Smaller Cos Income Trust plc	Announcement that the Company had been discussing a proposal with the Board of ASCI and its advisers which it believed would deliver compelling benefits for both sets of shareholders.
26 July 2023	Proposed combination with abrdn Smaller Co Inc Trust	Announcement of heads of terms in connection with the Proposals

## 12. GENERAL

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

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

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

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

## 13. AUDITOR

The auditor of the Company is Ernst & Young LLP of Atria One, 144 Morrison Street, Edinburgh EH3 8EX, a member firm of the Institute of Chartered Accountants in England and Wales.

## 14. PROFILE OF TYPICAL INVESTORS

The New Shares are intended for:

- investors with basic investment knowledge.
- Investors who understand the basics of buying and selling shares in stockmarket listed companies and the way these shares are valued.
- Investors who can accept large short term losses.
- Investors wanting a return (growth) over the longer term (five years or more).

The Company has specific and generic risks with a risk rating as per the risk indicator on the Company's key information document. The Company is intended for general sale to retail and professional investors through all distribution channels with or without professional advice.

#### **15. GENERAL MEETING**

The Company will publish a Circular on or around the date of this Prospectus. The Notice of General Meeting which is included in the Circular sets out in full the Resolutions to be tabled at the General Meeting of the Company to be held at 12.00 p.m. on 20 November 2023.

#### **16. DOCUMENTS ON DISPLAY**

Copies of the following documents will be available on the Website, from the date of this Prospectus until the Admission:

16.1 this Prospectus dated 17 October 2023;

16.2 the Company Circular;

16.3 the 2023 Annual Report;

16.4 the 2022 Annual Report;

16.5 the Articles; and

16.6 the notice of the General Meeting.

In addition, a copy of this Prospectus has been submitted to the National Storage Mechanism which is located at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

## PART 8

### DEFINITIONS

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

<b>2022 Annual Report</b>	the annual report of the Company for the financial year ended 31 March 2022
<b>2023 Annual Report</b>	the annual report of the Company for the financial year ended 31 March 2023
<b>“A” rights</b>	the rights attaching to ASCI Reclassified Shares in respect of which the holders have made or are deemed to have made valid Elections for the Rollover Option
<b>abrdn</b>	the AIFM and/or the Investment Manager, as the context requires
<b>Administrator</b>	BNP Paribas S.A.
<b>Admission</b>	the date on which admission of the New Shares to the premium segment of the Official List and to trading on the Main Market becomes effective in accordance with the Listing Rules and the admission and disclosure standards of the London Stock Exchange
<b>AFML Contribution</b>	as described in paragraph 5.1 of Part 3 of this document
<b>AGM or Annual General Meeting</b>	annual general meeting of the Company
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the AIC Code of Corporate Governance, as amended from time to time
<b>AIF</b>	alternative investment fund, as define in the UK AIFM Directive
<b>AIFM</b>	abrdn Fund Managers Limited, the Company’s alternative investment fund manager
<b>Articles</b>	the articles of association of the Company
<b>ASCI</b>	abrdn Smaller Companies Income Trust plc
<b>ASCI Circular</b>	the ASCI scheme circular published on or around the date of this Prospectus
<b>ASCI Directors or Board</b>	the directors of ASCI from time to time
<b>ASCI FAV per Share</b>	the difference between the ASCI Residual Net Asset Value and the Cash Pool NAV divided by the total number of ASCI Reclassified Shares with “A” rights or “C” rights (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down)
<b>ASCI Reclassified Shares</b>	ASCI Shares with “A” or “B” or “C” rights arising as a result of the Proposals

<b>ASCI Residual Net Asset Value</b>	the ASCI NAV as at the Calculation Date less the value of the cash and other assets appropriated to the Liquidation Pool in accordance with the Scheme
<b>ASCI Resolution or ASCI Resolutions</b>	the resolutions to be proposed at the First ASCI General Meeting and the Second ASCI General Meeting or any of them as the context may require
<b>ASCI Rollover Shares</b>	the number of ASCI Shares elected for the Rollover Option
<b>ASCI Shareholder</b>	a holder of ASCI Shares
<b>ASCI Shares or ASCI Ordinary Shares</b>	ordinary shares of nominal value 50 pence each in the capital of ASCI
<b>Audit Committee</b>	the audit committee of the Company as described in paragraph 4.3 of Part 3 ( <i>Directors, Management and Administration</i> ) of this Prospectus
<b>Auditor</b>	the auditors of the Company from time to time, being Ernst & Young LLP as at the date of this Prospectus
<b>“B” rights</b>	The rights attaching to the ASCI Reclassified Shares in respect of which the holders have made valid Elections for the Cash Option
<b>Board or Directors</b>	the directors of the Company whose names are set out at Part 4 ( <i>Directors, Management, Custodian and Advisers</i> ) of this Prospectus
<b>Board of ASCI or ASCI Board</b>	the board of directors of ASCI
<b>Business Day</b>	any day on which the London Stock Exchange is open for business and banks are open for business in London
<b>“C” rights</b>	the rights attaching to ASCI Reclassified Shares held by the Company, entitling the Company to receive a distribution <i>in specie</i> of the Company’s <i>pro rata</i> share of the Rollover Pool
<b>Calculation Date</b>	the time and date to be determined by the ASCI Directors but expected to be 5.00 p.m. on 27 November 2023, at which the value of ASCI’s assets and liabilities will be determined for the creation of the Liquidation Pool, the Cash Pool and the Rollover Pool, and at which the ASCI Residual Net Asset Value, the Residual Net Value per ASCI Share, the ASCI FAV per Share, the Shares FAV per Share and the Cash NAV per ASCI Share will be calculated for the purposes of the Scheme
<b>Cash NAV per ASCI Share</b>	the Residual Net Asset Value per ASCI Share attributable to the ASCI Shares with “B” rights less the Cash Option Discount (expressed in pence) and calculated to six decimal places (with 0.0000005 rounded down)
<b>Cash Option</b>	the option for ASCI Shareholders to receive cash under the terms of the Scheme
<b>Cash Option Discount</b>	a discount of 1.5 per cent
<b>Cash Pool</b>	the fund comprising the pool of assets attributable to the ASCI Reclassified Shares with “B” rights
<b>Cash Pool NAV</b>	the Cash NAV per ASCI Share multiplied by the total number of ASCI Reclassified Shares with “B” rights

<b>Chairman</b>	the chairman of the Company, Robert Talbut
<b>Combination</b>	the combination of the assets of the Company and certain assets of ASCI to create the Enlarged Company
<b>Companies Act 2006</b>	Companies Act 2006, as amended from time to time
<b>Company</b>	Shires Income plc
<b>Company Secretary</b>	abrdrn Holdings Limited
<b>Completion</b>	completion of the Issue
<b>Conditions</b>	the conditions to the Proposals including those set out in paragraph 5 of Part 4 ( <i>Details of Issue and Scheme</i> ) of this Prospectus
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the CREST Regulations
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) as transposed into UK law by EUWA and as further amended by secondary legislation made under EUWA from time to time
<b>CRS</b>	the OECD Common Reporting Standard
<b>CTA 2009</b>	the Corporation Tax Act 2009
<b>CTA 2010</b>	the Corporation Tax Act 2010, as amended
<b>Cumulative Preference Shareholders</b>	holders of the Cumulative Preference Shares
<b>Cumulative Preference Shares</b>	means 50,000 3.5 % cumulative preference shares of £1 each in the capital of the Company
<b>Dealing Day</b>	a day on which the London Stock Exchange is open for business
<b>Depository</b>	BNP Paribas Trust Corporation UK Limited, a private limited company incorporated in England and Wales with registered number 04042668 whose registered office is at 10 Harewood Avenue, London NW1 6AA
<b>Depository Agreement</b>	the depository agreement dated 14 July 2014 between the Company, the AIFM and BNP Paribas Securities Services, London Branch, further details of which are set out in paragraph 7.4 of Part 7 ( <i>General Information</i> )
<b>Dissenting ASCI Shareholders</b>	has the meaning given to it in the ASCI Circular
<b>DTR or Disclosure Guidance and Transparency Rules</b>	the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of FSMA
<b>EEA State</b>	the member states of the European Economic Area from time to time
<b>Effective Date</b>	the date on which the Scheme becomes effective as determined by the terms of the Scheme, which is expected to be 4 December 2023



<b>Election</b>	the choice made by an ASCI Shareholder for the Rollover Option and/ or the Cash Option pursuant to the Scheme (including, where the context so permits, a deemed choice for the Rollover Option or the Cash Option) and any reference to “elect” or “election” shall, except where the context requires otherwise, mean “elect or is deemed to elect” or “election or deemed election, respectively
<b>Enlarged Company</b>	the Company following completion of the Combination
<b>Euroclear</b>	Euroclear UK International Limited (a company incorporated in England and Wales with registered number 02878738, being the operator of CREST)
<b>EU or European Union</b>	the European Union first established by the treaty made at Maastricht on 7 February 1992
<b>EUWA</b>	the European Union (Withdrawal) Act 2018
<b>EU AIFMD</b>	the EU Alternative Investment Fund Managers Directive (2011/61/ EU)
<b>EU Market Abuse Regulation</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003. 125/EC and 2004/72/EC
<b>EU MiFID</b>	MiFID II Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ( <b>MiFID</b> ) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012
<b>EU PRIIPs Regulation</b>	Regulation (EU) No. 1286/2014 on key information documents for packaged retail and insurance-based investment products
<b>EU Prospectus Regulation</b>	Regulation (EU) 2017/1129 as amended from time to time and any successor or replacement regulation;
<b>European Economic Area or EEA</b>	the countries of the European Union, plus Iceland, Norway and Liechtenstein
<b>Existing Shareholders</b>	the holders of Shares prior to completion of the Combination
<b>Facilities</b>	the £20 million committed loan facility and revolving credit facility agreement with The Royal Bank of Scotland International Limited, London Branch entered into on 3 May 2022
<b>FATCA</b>	the US Foreign Account Tax Compliance Act
<b>FAV</b>	formula asset value
<b>FCA</b>	the Financial Conduct Authority or any successor entity
<b>FCA Rules</b>	the handbook of rules and guidance of the FCA, as amended
<b>First ASCI General Meeting</b>	the general meeting of ASCI convened for 2.00 p.m on 20 November 2023 (or any adjournment thereof)

<b>FRC</b>	the Financial Reporting Council
<b>FSMA</b>	the Financial Services and Markets Act 2000
<b>General Meeting</b>	the general meeting of the Company convened for 12.00 p.m. on 20 November 2023 (or any adjournment thereof)
<b>HMRC</b>	His Majesty's Revenue and Customs
<b>Independent ASCI Shareholders</b>	ASCI Shareholders excluding Shires and its associates
<b>Investment Funds Sourcebook</b>	the Investment Funds sourcebook as contained in the FCA Rules
<b>Investment Manager or AIL</b>	abrdrn Investments Limited
<b>Investment Trust Regulations</b>	the Investment Trust (Approved Company) (Tax) Regulations 2011
<b>ISA</b>	individual savings account
<b>ISIN</b>	International Security Identification Number
<b>Issue</b>	the issue of New Shares under the Scheme
<b>JPM or the Sponsor</b>	J.P. Morgan Securities plc, the Company's sponsor and financial adviser
<b>KID</b>	the key information document relating to the Company produced pursuant to the UK PRIIPs Regulation, as amended from time to time
<b>Liquidation Pool</b>	the pool of cash and other assets to be retained by the Liquidators in connection with the Scheme to meet all known and unknown liabilities of ASCI and other contingencies
<b>Liquidators</b>	the liquidators of ASCI appointed in connection with the implementation of the Scheme
<b>London Stock Exchange</b>	London Stock Exchange plc (a company registered in England and Wales with registered number 2075721)
<b>Main Market</b>	the main market of the London Stock Exchange for listed securities
<b>Management Agreement</b>	the Management Agreement between the Company and the AIFM, a summary of which is set out in paragraph 7.1 of Part 7 ( <i>General Information</i> ) of this Prospectus
<b>Market Rules</b>	the Admission and Disclosure Standards of the London Stock Exchange (including any modification, amendment or replacement thereof)
<b>NAV per Share</b>	the Net Asset Value per Share from time to time
<b>Net Assets</b>	Total Assets less long-term liabilities
<b>Net Asset Value or NAV</b>	the gross assets of the Company or Shires, as appropriate, less its liabilities (including provisions for such liabilities) determined by the relevant board of directors in their absolute discretion in accordance with the accounting principles adopted by that Company.
<b>New Shares or New Shires Shares</b>	the ordinary shares to be issued pursuant to the Scheme

<b>OECD</b>	the Organisation for Economic Co-operation and Development
<b>Official List</b>	the Official List maintained by the FCA pursuant to Part VI of FSMA
<b>Ordinary Share</b>	a share of nominal value fifty pence each in the capital of the Company
<b>Ordinary Shareholder</b>	a holder of the Ordinary Shares
<b>Overseas ASCI Shareholder</b>	an ASCI Shareholder who has a registered address outside or who is resident in, or citizen, resident or national of, jurisdictions outside the United Kingdom, the Channel Islands and the Isle of Man
<b>Portfolio</b>	the Company's portfolio of investments from time to time
<b>PRA</b>	the Prudential Regulation Authority of the Bank of England
<b>PRIIP</b>	packaged retail and insurance-based investment products
<b>Proposals</b>	the proposals for the members' voluntary liquidation and scheme of reconstruction of ASCI and the Issue
<b>Prospectus</b>	this Prospectus
<b>Prospectus Regulation Rules</b>	the Prospectus Regulation Rules made by the FCA under Part VI of FSMA
<b>Receiving Agent</b>	Equiniti Limited
<b>Receiving Agent Agreement</b>	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 7.3 of Part 7 ( <i>General Information</i> ) of this Prospectus
<b>Record Date</b>	the record date for entitlements of ASCI Shareholders to New Shares pursuant to the scheme, being 6.00 p.m. on 24 November 2023 (or such other date as determined by the ASCI Board)
<b>Registrar</b>	Equiniti Limited
<b>Registrar Agreement</b>	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 7.2 of Part 7 ( <i>General Information</i> ) of this Prospectus
<b>Regulatory Information Service or RIS</b>	a regulatory information service that is on the list of regulatory information services maintained by the FCA
<b>Related Party Resolution</b>	means the resolution to be passed at the ASCI First General Meeting relating to the Related Party Transaction
<b>Related Party Transaction</b>	the participation by the Company in the Scheme
<b>Reporting Accountant</b>	the reporting accountant of the Company from time to time, being Grant Thornton UK LLP as at the date of this Prospectus
<b>Residual Net Asset Value per ASCI Share</b>	the ASCI Residual Net Asset Value divided by the number of ASCI Shares in issue as at the Calculation Date (excluding any ASCI Shares held in treasury) (expressed in pence and calculated to two decimal places with rounding to the nearest whole number and with 0.005 rounded down)

<b>Retention</b>	an amount considered by the Liquidators to be appropriate to provide for any unascertained, unknown or contingent liabilities of ASCI (such amount currently not expected to exceed £100,000)
<b>Rollover Option</b>	the option for ASCI Shareholders under the Scheme to elect to receive New Shares in respect of some or all of their holding of ASCI Shares on the winding up of ASCI
<b>Rollover Pool</b>	the pool of cash, undertaking and other assets to be established under the Scheme to be transferred to the Company pursuant to the Transfer Agreement
<b>Sanctions Authority</b>	means each of: (i) the United States government; (ii) the United Nations; (iii) the United Kingdom; (iv) the European Union (or any of its member states); (v) any other relevant governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; or (vi) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury
<b>Sanctions Restricted Persons</b>	each person or entity: (i) that is organised or resident in a country or territory which is the target of comprehensive country sanctions administered or enforced by any Sanctions Authority; or (ii) that is, or is directly or indirectly owned or controlled by a person that is, described or designated in (a) the current "Specially Designated Nationals and Blocked Persons" list (which as of the date hereof can be found at <a href="http://www.treasury.gov/ofac/downloads/sdnlist.pdf">www.treasury.gov/ofac/downloads/sdnlist.pdf</a> ; and/or (b) the current "Consolidated list of persons, groups and entities subject to EU financial sanctions" (which as of the date hereof can be found at: <a href="https://data.europa.eu/data/datasets/consolidated-list-of-personsgroups-and-entities-subject-to-eu-financialsanctions?locale=en">https://data.europa.eu/data/datasets/consolidated-list-of-personsgroups-and-entities-subject-to-eu-financialsanctions?locale=en</a> ; or (c) the current "Consolidated list of financial sanctions targets in the UK" (which as at the date hereof can be found at <a href="https://ofsistorage.blob.core.windows.net/publishlive/2022for/mat/ConList.html">https://ofsistorage.blob.core.windows.net/publishlive/2022for/mat/ConList.html</a> ); or (iii) that is otherwise the subject of or in violation of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of their inclusion in: (a) the current "Sectoral Sanctions Identifications" list (which as of the date hereof can be found <a href="http://www.treasury.gov/ofac/downloads/ssi/ssilist/pdf">www.treasury.gov/ofac/downloads/ssi/ssilist/pdf</a> ) (the <b>SSI List</b> ), (b) Annexes 3,4,5 and 6 of Council Regulation No. 833/2014 (the <b>EU Annexes</b> ), or (c) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes
<b>Scheme</b>	the proposed scheme of reconstruction and voluntary winding up of ASCI under section 110 of the Insolvency Act 1986
<b>Scheme Resolution</b>	the resolution to be proposed at the General Meeting to approve the issue of the New Shares
<b>SDRT</b>	UK stamp duty reserve tax

<b>Second ASCI General Meeting</b>	the general meeting of ASCI convened for 9.30 a.m. on 1 December 2023 (or any adjournment thereof)
<b>Securities Act</b>	the United States Securities Act of 1933, as amended
<b>Shares</b>	the Ordinary Shares and the Cumulative Preference Shares
<b>Shareholder</b>	a registered holder of one or more Ordinary Shares
<b>Shires Circular</b>	the Shareholder circular relating to the General Meeting and the Resolutions published by the Company on or around the date of this Prospectus
<b>Shires FAV</b>	the net asset value of Shires being the value of Shires' assets less any liabilities it has, calculated at the Calculation Date in accordance with its normal accounting policies, on a cum income basis adjusted for debt calculated at fair value before taking account of the costs of the Proposals and adjusted to exclude any dividends declared but not paid prior to the Effective Date by Shires to Shires Shareholders, plus a 0.80 per cent. premium
<b>Shires FAV per Share</b>	the Shires FAV divided by the number of Shires Ordinary Shares in issue on the Calculation Date (excluding treasury shares) (expressed in pence) and calculated to six decimal places with (with 0.0000005 rounded down)
<b>SIPP</b>	self-invested personal pension
<b>Sponsor Agreement</b>	the sponsor agreement entered into between the Company, JPM and the AIFM on 17 October 2023
<b>SSAS</b>	small self-administered pension scheme
<b>Statutes</b>	the Companies Act 2006 as amended and every other statute for the time being in force concerning companies and affecting the Company
<b>Takeover Code</b>	the City Code on Takeovers and Mergers, as amended from time to time
<b>Transfer Agreement</b>	the transfer agreement to be entered into on the Effective Date between the Company and the Liquidators (in their personal capacity and on behalf of ASCI), a summary of which is set out in paragraph 7.6 of Part 7 ( <i>General Information</i> ) of this Prospectus
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UK AIFM Directive</b>	the requirements of the FCA Rules implementing the EU AIFM Directive in the United Kingdom and related UK laws (including Commission Delegated Regulation (EU) No 231/2013, as it forms part of UK law by virtue of the EUWA;
<b>UK AIFM Regulations</b>	the Alternative Investment Fund Managers Regulations 2013 as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019/328
<b>UK Corporate Governance Code</b>	the United Kingdom Corporate Governance Code as published by the UK Financial Reporting Council, as revised or updated from time to time

**UK Market Abuse Regulation  
or UK MAR**

the UK version of the EU Market Abuse Regulation as adopted into UK law by virtue of the EUWA

**UK MiFID II**

the UK's implementation of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (**MiFID**), together with the UK version of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 649/2012, which forms part of the domestic law of the United Kingdom by virtue of the EUWA, as amended from time to time

**UK PRIIPs Regulation**

the UK version of the EU PRIIPs Regulation, as adopted into UK law by virtue of the EUWA

**UK Prospectus Regulation**

EU Regulation 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as transposed into UK law by EUWA and as further amended by secondary legislation made under EUWA from time to time

**VAT**

value added tax

**Website**

[www.shiresincome.co.uk](http://www.shiresincome.co.uk)

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