

This document comprises a prospectus relating to Personal Assets Trust plc (the “Company”) prepared in accordance with the Prospectus Rules and Listing Rules of the UK Listing Authority made under section 73A of the Financial Services and Markets Act 2000. This document has been approved by the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules. This document will be made available to the public in accordance with the Prospectus Rules by being made available at www.patplc.co.uk.

The Directors of the Company, whose names appear on page 25 of this document, and the Company each accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

PERSONAL ASSETS TRUST PLC

(Incorporated in Scotland with registered no. SC074582)

(Registered as an investment company under section 833 of the Companies Act 2006)

Issue of further New Shares

Applications will be made to the UK Listing Authority for the New Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that such admissions will become effective, and dealings in the New Shares will commence, during the period from 1 March 2017 to 28 February 2018.

This document 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 document and the offering of New Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The New Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the New Shares may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia or Japan. The Company will not be registered under the United States Investment Company Act of 1940 (as amended) and investors will not be entitled to the benefits of such Act.

Dickson Minto W.S., which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is the sponsor and solicitor to the Company. Dickson Minto W.S. is not acting for any other person in connection with the Issues. Apart from the responsibilities and liabilities, if any, which may be imposed on Dickson Minto W.S. by the Financial Services and Markets Act 2000 or the regulatory regime established thereunder, Dickson Minto W.S. will not be responsible to anyone other than the Company for providing the protections afforded to clients of Dickson Minto W.S. and is not advising any other person in relation to any transaction contemplated in or by this document.

Potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company. Potential investors should also consider the risk factors relating to the Company set out on pages 13 to 17 of this document.

28 February 2017

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SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted into the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A - Introduction and warnings

Element	Disclosure
A.1	<p>Warning</p> <p>This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before the legal proceedings are initiated. Civil liability attaches to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<p>Financial Intermediaries</p> <p>Not applicable. No consent has been given by the issuer or person responsible for drawing up this document to the use of this document for subsequent resale or final placement of securities by financial intermediaries.</p>

Section B - Issuer

Element	Disclosure
B.1	<p>Legal and commercial name</p> <p>Personal Assets Trust plc</p>
B.2	<p>Domicile and legal form</p> <p>The Company was incorporated and registered in Scotland on 23 April 1981 as a public company limited by shares under the Companies Act 1948 with registered number SC074582. The Company operates under the Act and regulations made under the Act.</p>

B.5	<p>Group description</p> <p>The Company is the parent company of the PAT Group. The Company has one wholly owned subsidiary, PATAC Limited, a company registered in Scotland with registered number SC366565.</p>																																																												
B.6	<p>Major shareholders</p> <p>As at 24 February 2017 (being the latest practicable date prior to the publication of the Prospectus), the Company was not aware of any person who, directly or indirectly, is interested in three per cent. of more of the issued share capital of the Company.</p> <p>The Directors are not aware of any person or persons who, following the Issues, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.</p>																																																												
B.7	<p>Key financial information</p> <p>Selected historical financial information relating to the Company which summarises the financial condition of the Company for the three financial years ended 30 April 2016 is set out in the following table:</p> <table border="1" data-bbox="339 929 1396 1834"> <thead> <tr> <th></th> <th style="text-align: right;"><i>Audited financial results for the year ended 30 April 2014</i></th> <th style="text-align: right;"><i>Audited financial results for the year ended 30 April 2015</i></th> <th style="text-align: right;"><i>Audited financial results for the year ended 30 April 2016</i></th> </tr> </thead> <tbody> <tr> <td colspan="4">Net asset value</td> </tr> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">573,237</td> <td style="text-align: right;">609,745</td> <td style="text-align: right;">640,624</td> </tr> <tr> <td>Net asset value per share (£)</td> <td style="text-align: right;">333.77</td> <td style="text-align: right;">349.83</td> <td style="text-align: right;">367.15</td> </tr> <tr> <td>Share price (£)</td> <td style="text-align: right;">331.90</td> <td style="text-align: right;">350.70</td> <td style="text-align: right;">372.50</td> </tr> <tr> <td colspan="4">Income</td> </tr> <tr> <td>Revenue return after expenses and taxation (£'000)</td> <td style="text-align: right;">8,251</td> <td style="text-align: right;">6,341</td> <td style="text-align: right;">8,254</td> </tr> <tr> <td>Dividend per Share (£)</td> <td style="text-align: right;">5.60</td> <td style="text-align: right;">5.60</td> <td style="text-align: right;">5.60</td> </tr> <tr> <td colspan="4">Ongoing Charges</td> </tr> <tr> <td>As a percentage of average total Shareholders' funds</td> <td style="text-align: right;">0.86%</td> <td style="text-align: right;">0.87%</td> <td style="text-align: right;">0.86%</td> </tr> <tr> <td colspan="4">Portfolio summary</td> </tr> <tr> <td>Shareholders' funds (£'000)</td> <td style="text-align: right;">573,237</td> <td style="text-align: right;">609,745</td> <td style="text-align: right;">640,624</td> </tr> <tr> <td colspan="4">NAV/share price returns</td> </tr> <tr> <td>Net asset value return</td> <td style="text-align: right;">(5.1)%</td> <td style="text-align: right;">4.8%</td> <td style="text-align: right;">5.0%</td> </tr> <tr> <td>Share price return</td> <td style="text-align: right;">(7.0)%</td> <td style="text-align: right;">5.7%</td> <td style="text-align: right;">6.2%</td> </tr> </tbody> </table>		<i>Audited financial results for the year ended 30 April 2014</i>	<i>Audited financial results for the year ended 30 April 2015</i>	<i>Audited financial results for the year ended 30 April 2016</i>	Net asset value				Net assets (£'000)	573,237	609,745	640,624	Net asset value per share (£)	333.77	349.83	367.15	Share price (£)	331.90	350.70	372.50	Income				Revenue return after expenses and taxation (£'000)	8,251	6,341	8,254	Dividend per Share (£)	5.60	5.60	5.60	Ongoing Charges				As a percentage of average total Shareholders' funds	0.86%	0.87%	0.86%	Portfolio summary				Shareholders' funds (£'000)	573,237	609,745	640,624	NAV/share price returns				Net asset value return	(5.1)%	4.8%	5.0%	Share price return	(7.0)%	5.7%	6.2%
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B.8	<p>Key pro forma financial information</p> <p>Not applicable. No pro forma financial information.</p>																																													
B.9	<p>Profit forecast</p> <p>Not applicable. No profit forecast or estimate made.</p>																																													
B.10	<p>Description of the nature of any qualifications in the audit report on the historical financial information</p> <p>Not applicable. The audit reports on the historical financial information contained within this document are not qualified.</p>																																													
B.11	<p>Insufficient working capital</p> <p>Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements (that is, for at least the next 12 months from the date of this document).</p>																																													

B.34	<p>Investment policy</p> <p>The Company is an investment trust with the ability to invest globally. Its investment policy is to protect and increase (in that order) the value of Shareholders' funds per share over the long term.</p> <p>While the Company uses the FTSE All-Share Index (the "All-Share") as its comparator for the purpose of monitoring performance and risk, the composition of the All-Share has no influence on investment decisions or the construction of the portfolio. As a result, the Company's investment performance is likely to diverge from that of the All-Share. The Company's definition of "risk" is fundamentally different from that commonly used by other global growth investment trusts and the industry at large (the Company's being "risk of losing money" rather than "volatility of returns relative to an index"). Taking this as the Company's definition of risk, the Board will usually, although not invariably, prefer the Company's portfolio as a whole to have a lower level of risk than the All-Share.</p> <p>The Company will invest in equities and fixed income securities and it may also hold cash and cash equivalents (which may, depending on circumstances, include gold). The Company may use derivatives as a way of increasing or reducing its investment exposure and to enhance and protect investment positions. The Company may also from time to time make use of currency hedging.</p> <p>The Company has no predetermined maximum or minimum levels of exposure to asset classes, currencies or geographic areas but these exposures are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The Company's equity portfolio is typically concentrated in a short list of stocks and turnover tends to be low. No holding in an individual company will represent more than 10 per cent. by value of the Company's Total Assets at the time of acquisition.</p> <p>The Company is prepared to make use of both gearing and liquidity, the former by using short-term borrowed funds or derivatives such as FTSE 100 Futures. The Company's gearing will not exceed 50 per cent. of Shareholders' funds in aggregate. In exceptional circumstances, the Company's liquidity could be as high as 100 per cent. of Shareholders' funds. These limits would not be exceeded without shareholder approval.</p> <p>The Company may also invest in other investment trusts, especially as a way of gaining exposure to a region or industry in which the Company preferred not to invest directly. The Company's policy is not to invest more than 15 per cent. of its gross assets in other investment trusts and other listed investment companies.</p>
B.35	<p>Borrowing limits</p> <p>The Company's gearing will not exceed 50 per cent. of Shareholders' funds in aggregate. In exceptional circumstances, the Company's liquidity could be as high as 100 per cent. of Shareholders' funds. These limits would not be exceeded without Shareholder approval.</p>
B.36	<p>Regulatory status</p> <p>Save for its compliance with the Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation and the Prospectus Rules, the Company is not a regulated entity.</p>

B.37	<p>Typical investor</p> <p>The Directors believe that the profile of a typical investor in the Company is a professionally advised private individual with either a substantial amount of capital or an expectation to build it out of income, who is seeking to protect and increase (in that order) his or her funds over the long term.</p>
B.38	<p>Investment of 20 per cent. or more in single underlying asset or investment company</p> <p>Not applicable. The Company will not invest more than 15 per cent. of gross assets in other listed investment companies.</p>
B.39	<p>Investment of 40 per cent. or more in single underlying asset or investment company</p> <p>Not applicable. The Company will not invest more than 15 per cent. of gross assets in other listed investment companies</p>
B.40	<p>Applicant's service providers</p> <p><i>Investment advisory arrangements</i></p> <p>The Board appointed its subsidiary PATAAC Limited as its alternative investment fund manager with effect from 22 July 2014 under the Investment Management Agreement. The AIFM delegates the portfolio advisory activities relating to the Company to Troy pursuant to a delegation agreement and Troy continues to provide portfolio advisory services to the Company as before.</p> <p>The Investment Advisory Agreement between the Company, the AIFM and the Investment Adviser is on the same commercial terms as the previous investment advisory agreement save that Troy makes a contribution towards the costs of the services provided by the AIFM.</p> <p>The Investment Management Agreement and the Investment Advisory Agreement are both terminable on six months' notice. The advisory fee which is payable to the Investment Adviser in accordance with the Investment Advisory Agreement is based on Shareholders' funds and is 0.65 per cent. on the first £750 million; 0.55 per cent. between £750 million and £1 billion; and 0.50 per cent. thereafter. The fee is payable quarterly in arrears. No compensation is payable to the Investment Adviser in the event of termination of the contract over and above payment in respect of the required six months' notice.</p> <p>Under the terms of the Investment Management Agreement and the Investment Advisory Agreement, the following matters have been expressly reserved to the Board: (a) the level and form of liquidity within the portfolio; (b) asset allocation within the portfolio; (c) the Company's gearing levels; (d) matters relating to the buying back and issuance of Shares; (e) matters relating to shareholder communication; (f) hedging; (g) investment in any new asset class; and (h) such other matters as the Board may reasonably intimate from time to time. However, the Board is required to engage in active dialogue with the Investment Adviser in relation to the matters referred to at items (a), (b), (e), (f) and (g) above.</p>

	<p><i>Administration arrangements</i></p> <p>All secretarial and administrative services are provided by the Company's own Executive Office.</p> <p><i>Depositary arrangements</i></p> <p>J.P. Morgan Europe Limited has been appointed as the Company's depositary. All the assets of the Group, other than cash deposits and receivables, are held by J. P. Morgan Chase Bank, N.A. (London Branch), the Group's custodian, acting as a delegate of the Depositary.</p>
B.41	<p>Regulatory status of service providers</p> <p>The AIFM is authorised and regulated by the Financial Conduct Authority. The Investment Adviser is authorised and regulated by the Financial Conduct Authority. The Depositary is authorised and regulated by the Financial Conduct Authority.</p>
B.42	<p>Calculation of net asset value</p> <p>The Net Asset Value per Share is calculated by the Company in accordance with the Company's accounting policies and is published daily through a Regulatory Information Service. The calculation of the Net Asset Value per Share will be suspended only in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.</p>
B.43	<p>Cross liability</p> <p>Not applicable. The Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.</p>
B.44	<p>No financial statements have been made up</p> <p>Not applicable. The Company has commenced operations and historical financial information is included within this document.</p>
B.45	<p>Portfolio</p> <p>The Company's portfolio comprises predominantly equities, gold, fixed interest (including index-linked) securities and current net assets. As at 24 February 2017 (being the latest practicable date prior to the publication of this document), the Company's portfolio comprised, by value, 46.8 per cent. equities, 10.5 per cent. gold bullion, 38.5 per cent. fixed interest securities and 4.2 per cent. net current assets.</p>
B.46	<p>Net Asset Value</p> <p>The unaudited Net Asset Value per Share as at 24 February 2017 was £400.69 including current income.</p>

Section C – Securities

Element	Disclosure
C.1	<p>Type and class of securities</p> <p>The Company will issue a maximum of 500,000 New Shares. The ISIN for the New Shares is GB0006827546.</p>
C.2	<p>Currency</p> <p>The Ordinary Shares are denominated in Sterling.</p>
C.3	<p>Number of securities to be issued</p> <p>The Company will issue a maximum of 500,000 New Shares pursuant to the Issues.</p>
C.4	<p>Description of the rights attaching to the securities</p> <p>The New Shares will rank equally in all respects with the existing Ordinary Shares, including as to dividends.</p>
C.5	<p>Restrictions on the rights attaching to the securities</p> <p>There are no restrictions on the free transferability of Ordinary Shares.</p>
C.6	<p>Admission</p> <p>Applications will be made to the UK Listing Authority for the New Shares to be admitted to the Official List and to the London Stock Exchange for the New Shares to be admitted to trading on the Main Market. It is expected that such admissions will become effective, and that dealings in the New Shares will commence during the period from 1 March 2017 to 28 February 2018.</p>
C.7	<p>Dividend policy</p> <p>The Company aims to pay as high, secure and sustainable a dividend as is compatible with protecting and increasing the value of its Shareholders' funds and maintaining its investment flexibility. Dividends are paid in July, October, January and April of each year.</p>

Section D - Risks

Element	Disclosure
D.1	<p>Key information on the risks specific to the issuer</p> <p>The key risk factors relating to the Company are:</p> <ul style="list-style-type: none"> ▪ changes in economic conditions and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects;

	<ul style="list-style-type: none"> ▪ the past performance of the Company, and of investments managed by the Investment Adviser, is not necessarily indicative of future performance; ▪ there is no guarantee that the Company's investment objective will be achieved or provide the returns sought by the Company; ▪ the Company does not track any benchmark. Accordingly, the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Shares failing to follow either the direction or extent of any moves in the financial markets generally; ▪ the Company attempts to conduct its business so as to continue to satisfy the conditions for approval as an investment trust under section 1158 of the Tax Act. In respect of each accounting period for which approval is retained, the Company will be exempt from United Kingdom taxation on its capital gains. Breach of the tests that a company must meet to retain approval as an investment trust company could lead to the Company being subject to tax on capital gains; ▪ the fair value of equity and other financial securities held in the Company's portfolio fluctuates with market prices; and ▪ some of the financial instruments held by the Company are interest bearing. As such, the Company is exposed to interest rate risk resulting from fluctuations in the prevailing market rate.
D.3	<p>Key information on the risks specific to the securities</p> <p>The key risk factors relating to the Shares are:</p> <ul style="list-style-type: none"> ▪ the market value of, and the income derived from, the Ordinary Shares can fluctuate and, notwithstanding the Company's discount and premium control policy, may not always reflect the Net Asset Value per Share; ▪ although the New Shares will be listed on the Official List and admitted to trading on the Main Market, there may not be a liquid market in the New Shares and Shareholders may have difficulty selling them; and ▪ the Company may pay dividends on the Ordinary Shares only to the extent that it has profits (including available revenue reserves and realised capital profits) available for that purpose. The payment of dividends out of realised capital profits will be used only to maintain the current dividend level and not to increase it. In the event of a prolonged period of low revenue, the capital reserves of the Company may be reduced to maintain the Company's current dividend level. The amounts of dividends payable by the Company may fluctuate and the level of available revenue reserves per Share will be diluted by the issue of any new Shares.

Section E - Offer

Element	Disclosure
E.1	<p>Net proceeds and costs of the Issues</p> <p>The aggregate costs of and incidental to the publication of this document, which have been or will be borne by the Company, are approximately £60,000 (the “Documentation Costs”).</p> <p>Assuming that the maximum number of New Shares available for issue under the Issues is issued at an Issue Price of £405.90 (representing a premium of 1.3 per cent. to the Net Asset Value per Share calculated as at close of business on 24 February 2017), £202.95 million in aggregate would be raised under the Issues. Assuming that the maximum number of New Shares available for issue under the Issues is issued by way of a single Issue, the total costs and expenses of and incidental to the Issue payable by the Company will be approximately £177,500, being 0.09 per cent. of the total proceeds of the Issue.</p> <p>The immediate dilution in the Net Asset Value per Share arising from the Documentation Costs (on the assumption that no New Shares are issued pursuant to any Issue and based on the Net Asset Value per Share as at 24 February 2017) is approximately 0.01 per cent. New Shares will be issued at a level of premium to the Net Asset Value per Share such that, disregarding the Documentation Costs, no Issue is expected to be dilutive to the Net Asset Value per Share after taking into account the other costs of the Issues.</p>
E.2A	<p>Reason for offer and use of proceeds</p> <p>The Issues have been proposed in principle by the Directors to allow the Company to issue New Shares to satisfy demand from investors at times when Shares are trading at a premium to the Net Asset Value per Share. Accordingly, the issue of New Shares pursuant to the Issues will not result in a dilution of the Net Asset Value per Share. The Directors intend to apply the net proceeds of any Issues in accordance with the Company’s investment policy.</p>
E.3	<p>Terms and conditions of the offer</p> <p>The Company will issue a maximum of 500,000 new Ordinary Shares under the Issues. Each Issue will be conditional upon admission of the relevant New Shares to the Official List and to trading on the Main Market becoming effective.</p>
E.4	<p>Material interests</p> <p>Not applicable. No interest is material to the Issues.</p>
E.5	<p>Name of person selling securities</p> <p>Not applicable.</p> <p>No person or entity is offering to sell the securities as part of the Issues.</p>

E.6	Dilution Not applicable. No offer.
E.7	Expenses charged to the investor Not applicable. There are no direct costs charged to the investor.

RISK FACTORS

The risk factors set out below are those which the Directors consider to be material but are not the only risks relating to the Company or the Ordinary Shares. There may be additional risks that the Directors do not currently consider to be material or which are not presently known to the Directors. Before investing in the Ordinary Shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other suitably qualified and independent financial adviser authorised under the Financial Services and Markets Act 2000 if they are in the United Kingdom or, in the case of Overseas Investors, another appropriately authorised financial adviser.

Potential investors should carefully consider all the information in this document, including the following risk factors, before deciding to invest in the Company.

The Company

Changes in economic conditions (including, for example, interest rates and rates of inflation), industry conditions, competition, changes in the law, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect the value of investments and therefore the Company's performance and prospects.

The investment returns from the Company's portfolio and the returns from an investment in Ordinary Shares in the future may differ materially from historical returns from the Ordinary Shares and will depend, among other things, on the composition of the Company's portfolio. Past performance of the Company, and of investments managed by the Investment Adviser, is not necessarily indicative of future performance.

The Shares

The Ordinary Shares are designed to be held over the long term and are not suitable as a short term investment. The market value of, and the income derived from, the Ordinary Shares can fluctuate and, notwithstanding the Company's discount and premium control policy which is enshrined in the Articles, may not always reflect the Net Asset Value per Share. 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. The ability of the Company to control the level of discount or premium will depend on the Company being able to buy back or issue Ordinary Shares, which will be dependent upon Shareholders in general meeting conferring authority on the Board to buy back or issue Ordinary Shares. No assurance can be given that any sale of the Company's investments would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to Shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments.

The market value of the Ordinary Shares, as well as being affected by their net asset value, also takes into account their dividend yield and prevailing interest rates, supply and demand for the shares, market conditions and general investor sentiment.

Although the New Shares will be listed on the Official List and admitted to trading on the London Stock Exchange, it is possible that, notwithstanding the Company's discount and premium control policy which is enshrined in the Articles, there may not be a liquid market in the New Shares and Shareholders may have difficulty in selling them.

Borrowing

The Company may incur borrowings for investment purposes. Whilst the use of borrowings should

enhance the total return on the Ordinary Shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary Shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per Share.

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

Dividends

The Company may pay dividends on the Ordinary Shares only to the extent that it has profits (including available revenue reserves and realised capital profits) available for that purpose. The payment of dividends out of realised capital profits will be used only to maintain the current dividend level and not to increase it. In the event of a prolonged period of low revenue, the capital reserves of the Company may be reduced to maintain the Company's current dividend level. The amount of dividends payable by the Company may fluctuate and the level of available revenue reserves per Ordinary Share will be diluted by the issue of any New Shares.

If under UK law or accounting rules and standards applicable to the Company there were to be a change to the basis on which dividends could be paid by companies, this could have a negative effect on the Company's ability to pay dividends.

Investment objective and strategy

The Company is likely to maintain a more concentrated portfolio (both in terms of individual holdings and in terms of its exposure to particular industries and asset classes) than those of many other investment funds. Accordingly, investors should be aware that the portfolio potentially carries a higher level of risk than a more diversified portfolio.

The number, quality and size of investment opportunities, and general market and economic conditions, may lead to delays in investing the net proceeds of the Issues. If equity prices rise or fall significantly before the net proceeds are fully invested, the potential returns available to Shareholders may differ from the returns which would have been available on the Company's existing portfolio.

There is no guarantee that the Company's investment objective will be achieved.

The Company may from time to time invest in other listed investment companies. As a consequence of these investments, the Company may itself be indirectly exposed to gearing through the borrowings from time to time of these other investment companies. The Company has a policy of not investing more than 15 per cent. of its gross assets in other listed investment companies. The Net Asset Value per Share, which is a factor in determining the market value of the Ordinary Shares, will be linked to the underlying share price performance of any such other investment companies.

The Company does not track any benchmark. The Company's investments are made with the objective of first protecting and then increasing Shareholders' funds. Accordingly, the portfolio of investments held by the Company will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Shares failing to follow either the direction or extent of any moves in the financial markets generally (which may or may not be to the advantage of Shareholders). The Shares are an unsuitable investment for those who seek investments in some way correlated to a stock market index.

Gold bullion

The Company currently has direct holdings of gold bullion. The price of gold has fluctuated over the past several years. If gold markets continue to be subject to wide fluctuations, this may result in potential losses if the Company decides to sell its gold bullion at a time when the price of gold is lower than it was when the gold bullion was acquired. Even if the Company holds its gold bullion for the long term, the Company may not make a profit in respect of any sale of its gold bullion.

Debt instruments

Debt instruments held by the Company will be affected by general changes in interest rates that will, in turn, result in increases and decreases in the market value of those instruments. When interest rates decline, the value of the Company's investments in fixed rate debt obligations can be expected to rise and, when interest rates rise or are expected to rise, the value of those investments can be expected to decline.

Convertibles

As convertibles are fixed interest or fixed dividend securities, they share in large part the same characteristics as normal debt securities and, accordingly, the risk factors set out above in the section entitled "Debt instruments" apply equally in relation to convertibles. However, in addition, as convertibles may be converted into equities at a future date, convertibles will be sensitive to the market value of the equities to which they relate (the market value of which may go down as well as up).

Credit and counterparty risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company's principal financial assets are investments, bank balances, cash and other receivables, which represent the Company's exposure to credit risk in relation to financial assets. The Company is exposed to potential failure by counterparties to deliver securities for which the Company has paid and to pay for securities which the Company has delivered. Risks relating to unsettled transactions are considered by the Company to be small as a result of the relatively short settlement period involved and the credit quality of the brokers used. Substantially all of the assets of the Company other than cash deposits are held by the Depositary through the Custodian. Bankruptcy or insolvency of the Depositary or the Custodian might cause the Company's rights in respect of the securities held by the Depositary or the Custodian to be delayed or limited. The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings, rated A or higher, assigned by international credit rating agencies. Bankruptcy or insolvency of any such financial institution may limit or delay the Company's ability to access cash placed on deposit.

Market price risk

The fair value of equity and other financial securities held in the Company's portfolio fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues including the market perception of future risks.

Interest rate risk

Some of the Company's financial instruments are interest bearing. As such, the Company is exposed to interest rate risk due to fluctuations in the prevailing market rates.

Foreign currency risks

Some of the Company's investments are in overseas securities or are otherwise denominated in currencies other than pounds sterling. The Company accounts for its activities and reports its results in pounds sterling. Where the Company does not hedge its currency exposure, the movement of exchange rates may have a favourable or unfavourable effect on the gains and losses experienced on investments which are made or realised in currencies other than pounds sterling.

Discount and premium control policy

The Company operates a discount and premium control policy as explained on page 30 of this document. The operation of the discount control element of this policy could lead to a significant reduction in the size of the Company over time, which would increase the Company's total expense ratio and prejudice the ability of the Company to pay satisfactory levels of dividend to Shareholders. While the Company intends to issue new Shares and to resell Shares held in treasury at a small premium to the Net Asset Value per Share where demand exceeds supply, this will be dependent upon the Company being able to issue new Shares and to resell Shares held in treasury at a premium, on market conditions generally at the relevant time, upon Shareholders in general meeting conferring appropriate authorities on the Board to issue further Shares and, where required under the Prospectus Rules, upon a prospectus having been approved by the Financial Conduct Authority and published. The ability of the Company to operate the discount control policy will depend on the Company being able to buy back Shares, which will be dependent upon Shareholders in general meeting conferring authority on the Board to buy back Shares. The Directors will seek renewal of this authority from Shareholders annually and at other times should this prove necessary. However, there can be no guarantee that requisite Shareholder approvals will be obtained.

In accordance with the Listing Rules, the extent of each buy back authority which will be sought by the Company from Shareholders in general meeting will be limited to 14.99 per cent. of the Company's issued share capital as at the date on which the authority would be granted. In order to continue buying back Shares once any such authority has been exhausted, the Company would require to seek a renewed buy back authority from Shareholders in a general meeting.

The ability of the Company to buy back Shares will be subject to the Act and all other applicable legislation, rules and regulations of any government, regulatory body or market applicable to the Directors or the Company and, in particular, will be dependent on the availability of distributable reserves.

Cessation of investment trust status

The Company aims to conduct its business so as to continue to satisfy the conditions for approval as an investment trust under section 1158 of the Tax Act. The Company has been approved as an investment trust pursuant to the Investment Trust (Approved Company) (Tax) Regulations 2011, which came into force on 1 January 2012 and have applied to the Company from its accounting period beginning 1 May 2012. The Company will therefore continue to have investment trust status in each accounting period in the future, other than to the extent that the Company has committed a serious breach of one or more of the conditions for qualification as an investment trust, and will be exempt from United Kingdom taxation on its chargeable gains. Breach of the tests that a company must meet to obtain approval as an investment trust company could lead to the Company being subject to tax on capital gains which could have a material adverse effect on the financial condition of the Company.

Tax 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 document concerning the taxation of investors are based upon current tax law and practice, which are, in principle, subject to change.

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.

Laws and regulations which may affect the Company

Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect the Company's business, investments and performance. The Company is subject to laws and regulations enacted by the UK and EU Government. In addition, the Company is required to comply with certain regulatory requirements which are applicable to closed-ended investment companies (including continuing obligations) whose shares are listed on the premium segment of the Official List. Any change in the laws and regulations affecting the Company, the AIFM, the Investment Adviser or the Company's investments may have an adverse effect on the ability of the Company to carry on its business and pursue its investment policy.

IMPORTANT INFORMATION

General

This document should be read in its entirety. New investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company or the Investment Adviser or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the Prospectus Rules, the Listing Rules, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

Shareholders must not treat the contents of the document or any subsequent communications from the Company, or the Investment Adviser or any of their respective affiliates, officers, directors, employees or agents, as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

Apart from the liabilities and responsibilities (if any) which may be imposed on Dickson Minto W.S. by FSMA or the regulatory regime established thereunder, Dickson Minto W.S. makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of this document nor for any other statement made or purported to be made by it or on its behalf in connection with the Company, the New Shares or the Issues. Dickson Minto W.S. accordingly disclaims all and any liability (save for any statutory liability) whether arising in delict or contract or otherwise which it might otherwise have in respect of this document 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.

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

Regulatory information

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, New Shares in any jurisdiction in which such offer or solicitation is unlawful. The issue or circulation of this document may be prohibited in some countries.

Investment considerations

The contents of this document are not to be construed as advice relating to legal, financial, taxation, accounting, regulatory, investment decisions or any other matter. Prospective investors must inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Shares.

Prospective investors must rely on their own representatives, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters

concerning the Company and an investment therein.

It should be remembered that the price of an Ordinary Share, and the income from such Ordinary Shares (if any), can go down as well as up. An investment in 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 may arise therefrom (which may be equal to the whole amount invested). Such an investment should be seen as long term in nature and complementary to existing investments in a range of other financial assets.

Forward looking statements

To the extent that this document includes “forward looking statements” concerning the Company, those statements are based on the current expectations of the Board and are naturally subject to uncertainty and changes in circumstances. Forward looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates” and words of similar import.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Given these risks and uncertainties, potential investors should not place undue reliance on forward looking statements as a prediction of actual results.

Nothing in the preceding two paragraphs seeks to limit or qualify, in any way, the working capital statement in paragraph 7 of Part 4 of this document.

The Company does not undertake any obligation to update publicly or revise forward looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Information in this document will be updated as required by the Prospectus Rules, Listing Rules and Disclosure Guidance and Transparency Rules, as appropriate.

Latest practicable date

In this document, where the context requires, references to 24 February 2017 should be treated as being references to the latest practicable date prior to the publication of this document.

Documents incorporated by reference

The published annual report and accounts of the Company for the three financial years ended 30 April 2014, 30 April 2015 and 30 April 2016, and the published unaudited interim reports of the Company for the six months ended 31 October 2015 and 31 October 2016, on the pages specified in the table below are incorporated by reference into this document. The non-incorporated parts of these annual reports and accounts and interim report and accounts of the Company are either not relevant to investors or covered elsewhere in the Prospectus.

Nature of information	Statutory Accounts for the year ended			Interim Report for six months ended	
	30 April 2014	30 April 2015	30 April 2016	31 October 2015	31 October 2016
	Page No.	Page No.	Page No.	Page No.	Page No.
Key Features	2	1	1	2	2
Financial Summary	n/a	n/a	n/a	2	2
Chairman's Statement	6	2	2	n/a	n/a
Investment Adviser's Report	7	3	3	5	5
Portfolio	8	7	7	4	4
Income Statement	29	11	11	6-7	6-7
Statement of changes in equity	31-32	13	13	8	8
Statements of financial position	30	12	12	8	8
Statement of cash flow	33	14	14	9	9
Notes of the financial statements	34-46	15-20	15-20	10-11	10-11
Audit report	26-28	29-30	29-33	n/a	n/a

The documents incorporated by reference can be obtained from the Company's website, www.patplc.co.uk, and as set out in paragraph 12 of Part 6 of this document.

DEFINITIONS

In this document, the words and expressions listed below have the meanings set out opposite them (except where the context otherwise requires):

Act	the Companies Act 2006 (as amended)
Admission	in respect of New Shares, the admission of such New Shares to the Official List and to trading on the Main Market
AIC	the Association of Investment Companies
AIC Code	the AIC Code of Corporate Governance
AIFM	PATAC Limited, as the Company's alternative fund manager in accordance with the terms of the AIFMD
AIFMD	Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers
Articles	the articles of association of the Company, as amended from time to time
Auditors	Ernst & Young LLP
Australia	the Commonwealth of Australia, its territories and possessions and all areas under its jurisdiction and political sub-divisions thereof
Calculation Time	in respect of each Issue, the time of the conclusion of the agreement to effect such Issue
Canada	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof
Company	Personal Assets Trust plc, a public limited company incorporated in Scotland (registered number SC074582), whose registered office is at 10 St Colme Street, Edinburgh EH3 6AA
CREST	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended
Custodian	J.P. Morgan Chase Bank N.A. (London Branch)
Depository	J. P. Morgan Europe Limited
Directors or Board	the directors of the Company
Disclosure Guidance and Transparency Rules	the disclosure guidance and transparency rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended), as amended from

	time to time
EEA States	the member states of the European Economic Area
Executive Office	the employees of the Group, whose names appear on page 25 of this document
fair value	the amount for which an asset or liability could be exchanged in an arm's length transaction between unrelated, willing parties
FSMA	the Financial Services and Markets Act 2000 (as amended)
FTSE	FTSE International Limited
FTSE 100 Futures	FTSE 100 Index Futures traded on NYSE Liffe London
FTSE 100 Index	the index calculated by FTSE comprising the 100 most highly capitalised listed companies
FTSE 250 Index	the index calculated by FTSE comprising mid-capitalised listed companies not contained in the FTSE 100 Index
FTSE All-Share Index or All-Share	the index calculated by FTSE comprising the FTSE 100 Index, the FTSE 250 Index and the FTSE SmallCap Index
FTSE SmallCap Index	the index calculated by FTSE comprising those listed companies with the smallest capitalisation
Investment Adviser or Troy	Troy Asset Management Limited, a company incorporated in England and Wales (registered number 03930846), whose registered office is at Hill House, 1 Little New Street, London EC4A 3TR
Investment Advisory Agreement	the investment advisory agreement dated 22 July 2014 between the Company, the AIFM and the Investment Adviser, further details of which are set out in paragraph 9.2 of Part 6 of this document
Investment Management Agreement	the investment management agreement dated 22 July 2014 between the Company and the AIFM, further details of which are set out in paragraph 9.1 of Part 6 of this document
ISA	an individual savings account for the purposes of section 694 of the Income Tax (Trading and Other Income) Act 2005
Issue	an issue of Ordinary Shares at the Issue Price for such issue, as described in this document
Issue Price	the price at which New Shares are to be issued under any Issue, which will be determined as explained in Part 3 of this document
Japan	Japan, its cities, prefectures, territories and possessions
Listing Rules	the listing rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as

	amended), as amended from time to time
London Stock Exchange	London Stock Exchange plc
Main Market	the London Stock Exchange's main market for listed securities
Market Abuse Regulation	the Market Abuse Regulation (Regulation (EU) 596/2014), all delegated regulations and implementing regulations made thereunder and any legislation made in the United Kingdom in connection with the entry into force of such Regulation
Net Asset Value per Share	the prevailing net asset value per Share from time to time, calculated in accordance with the Company's normal accounting policies
New Shares	the new Shares to be issued pursuant to any Issue
Official List	the official list of the UK Listing Authority
Overseas Investor	a person who is not resident in, or who is outside or who has a registered address outside, the United Kingdom
PAT Group or Group	the Company and its subsidiary, PATAC Limited
Prospectus	this document
Prospectus Rules	the prospectus rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended), as amended from time to time
Regulatory Information Service	a regulatory information service that is on the list of regulatory information services maintained by the Financial Conduct Authority
SDRT	stamp duty reserve tax
Shareholder	a holder of Shares
Shares or Ordinary Shares	ordinary shares of £12.50 each in the capital of the Company
SIPP	a self-invested personal pension plan
SSAS	a small self-administered pension scheme
Takeover Code	the City Code on Takeovers and Mergers
Tax Act	the Corporation Tax Act 2010
Total Assets	the aggregate gross value of the assets of the Company less current liabilities of the Company (but there shall not be included as current liabilities principal amounts borrowed for investment)
UK Code	the UK Corporate Governance Code issued by the Financial

Reporting Council

**UK Listing Authority or
UKLA**

the Financial Conduct Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended)

United States or US

the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

DIRECTORS, EXECUTIVE OFFICE, INVESTMENT ADVISER AND OTHER ADVISERS

Directors	Hamish Noble Buchan (<i>Chairman</i>) Robin John Angus (<i>Executive Director</i>) Gordon Joseph Neilly Stuart Watson Paul Frank Paul Rushbrook Jean Mary Sharp all non-executive (with the exception of Mr Angus) and of 10 St Colme Street, Edinburgh EH3 6AA
Registered Office	10 St Colme Street, Edinburgh EH3 6AA
Executive Office	Robin Angus (<i>Executive Director</i>) Steven Davidson (<i>Company Secretary</i>) Steven Budge Steven Cowie Matthew Fleming Ronda Hinds Steven Ross Hannah Williamson all of 21 Walker Street, Edinburgh EH3 7HX (with the exception of Mr Angus)
AIFM	PATAC Limited 21 Walker Street Edinburgh EH3 7HX
Investment Adviser	Troy Asset Management Limited 33 Davies Street London W1K 4BP
Sponsor and Solicitor	Dickson Minto W.S. 16 Charlotte Square Edinburgh EH2 4DF
Auditors	Ernst & Young LLP Ten George Street Edinburgh EH2 2DZ
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

Stockbrokers

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London
E14 5JP

Depository

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London
E14 5JP

Principal Banker

J.P. Morgan Chase Bank N.A. (London Branch)
25 Bank Street
Canary Wharf
London
E14 5JP

PART 1

THE COMPANY

Introduction

Personal Assets Trust plc, which was launched in 1983, is an investment trust company run expressly for private investors. Its investment policy is to protect and increase (in that order) the value of Shareholders' funds per Share over the long term.

Its capital structure is the simplest possible for an investment trust, consisting only of Ordinary Shares.

The Company is a self-managed investment trust run by its Board, which takes all major investment decisions collectively. The day-to-day management of the portfolio has been delegated by the Board to Troy, the Investment Adviser, and is the responsibility of Sebastian Lyon, the Chief Executive of Troy, in particular. Under the terms of the Investment Advisory Agreement between the Company, the AIFM and Troy, certain key matters have been expressly reserved to the Board (as explained further in Part 2 below).

The Directors, Sebastian Lyon and their respective families have substantial shareholdings in the Company (worth in aggregate £15.0 million as at 24 February 2017) and those who run the Company therefore have a community of interest with those who invest in it.

Background to the Issues

As explained in the section entitled "**Discount and premium control policy**" below, the Board's policy is to ensure that the Shares always trade at close to the Net Asset Value per Share. The Board seeks to achieve this through a discount and premium control policy, enshrined in the Articles, which involves a combination of Share buy backs at a small discount to the Net Asset Value per Share and, of equal importance, the issue of new Shares at a small premium to the Net Asset Value per Share where demand exceeds supply.

The Prospectus Rules provide that where a company wishes to apply for the admission to trading on a regulated market of shares representing, over a period of 12 months, 10 per cent. or more of that company's shares which are already admitted to trading on that regulated market (excluding Shares admitted pursuant to an exemption under the Prospectus Rules), then the company concerned is required to issue a prospectus. In view of the level of demand for the Company's shares, the publication of this document is necessary in order to allow the Company to continue its current policy of issuing Shares at a small premium to the Net Asset Value per Share where demand exceeds supply. The Board considers that the Company's continuing ability to issue Shares at a small premium in order to prevent the building up of excessive demand for the Shares is necessary to fulfil the obligation laid upon the Board by the Articles to reduce the risk of volatility in the price of a Share relative to its net asset value.

The New Shares to be issued pursuant to this document will be issued only (i) at a premium to Net Asset Value per Share (which shall include a premium to cover commissions and expenses associated with such issue); (ii) to meet demand from investors; and (iii) when the Directors believe that it is in the best interests of the Company to do so.

Although this document is in relation to Issues which may occur from time to time in the period from the 1 March 2017 to 28 February 2018, the Company will continue its discount and premium control policy following the expiry of this period in accordance with the Articles and will seek to issue further

prospectuses as and when required under the Prospectus Rules.

Investment policy

The Company is an investment trust with the ability to invest globally. Its investment policy is to protect and increase (in that order) the value of Shareholders' funds per share over the long term.

While the Company uses the FTSE All-Share Index (the "**All-Share**") as its comparator for the purpose of monitoring performance and risk, the composition of the All-Share has no influence on investment decisions or the construction of the portfolio. As a result, the Company's investment performance is likely to diverge from that of the All-Share. The Company's definition of "risk" is fundamentally different from that commonly used by other global growth investment trusts and the industry at large (the Company's being "risk of losing money" rather than "volatility of returns relative to an index").

Taking this as the Company's definition of risk, the Board will usually, although not invariably, prefer the Company's portfolio as a whole to have a lower level of risk than the All-Share.

The Company will invest in equities and fixed income securities and it may also hold cash and cash equivalents (which may, depending on circumstances, include gold). The Company may use derivatives as a way of increasing or reducing its investment exposure and to enhance and protect investment positions. The Company may also from time to time make use of currency hedging.

The Company has no predetermined maximum or minimum levels of exposure to asset classes, currencies or geographic areas but these exposures are reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The Company's equity portfolio is typically concentrated in a short list of stocks and turnover tends to be low. No holding in an individual company will represent more than 10 per cent. by value of the Company's Total Assets at the time of acquisition.

The Company is prepared to make use of both gearing and liquidity, the former by using short-term borrowed funds or derivatives such as FTSE 100 Futures. The Company's gearing will not exceed 50 per cent. of shareholders' funds in aggregate. In exceptional circumstances, the Company's liquidity could be as high as 100 per cent. of Shareholders' funds. These limits would not be exceeded without shareholder approval.

The Company may also invest in other investment trusts, especially as a way of gaining exposure to a region or industry in which the Company preferred not to invest directly. The Company's policy is not to invest more than 15 per cent. of its gross assets in other investment trusts and other listed investment companies.

Any material change in the Company's investment policy will require the approval of Shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

As at the date of the document the Company has no current immediate intention to use derivatives although any use of derivatives will be dictated by prevailing market conditions and market opportunities from time to time. Although this statement does not form part of its formal investment policy, the Company will use only derivatives, such as FTSE 100 Futures, which give the Company exposure to an appropriately diversified range of securities.

Investment outlook

The Board believes the investment outlook remains precarious. Stock markets are at or near all-time highs and investors are locking in very low prospective real returns. High equity valuations and recovering commodity prices are suggestive of a world of rising prosperity and respectable economic growth. Yet ultra-low-yielding bonds are indicative of a world mired in the collective deflationary forces of debt, ageing demographics and technological change. These two different narratives are hard to reconcile and the continuing extremes in valuation imply that opposing views are polarised. Derisory bond yields and the elevated valuation of stocks imply that the respective holders of each possess a certainty as to how the future will unfold. The Investment Adviser, in consultation with the Board, has sought to construct a defensive portfolio that is intended to survive the manifestation of a number of challenging scenarios in a world of rising populism and asset price valuation extremes.

Capital structure

The Company's share capital comprises ordinary shares only, all of which are listed on the premium segment of the Official List and admitted to trading on the Main Market. Shareholders are therefore entitled to such dividends as are declared by the Company and are entitled, on a return of capital on a winding up or otherwise, to all undistributed revenue of the Company and to the residual capital of the Company which remains after satisfying any liabilities.

At the annual general meeting of the Company held on 21 July 2016, the Directors were granted authority to allot Shares with an aggregate nominal value of up to £2,186,800 (being 10 per cent. of the Company's issued share capital at 2 June 2016). The provisions of the Act which would confer pre-emption rights in respect of such allotments were also disapplied in respect of the allotment of equity securities up to an aggregate nominal value of £2,186,800 for the period up until the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of the resolution, whichever is earlier. At a general meeting of the Company held on 23 February 2017, the Directors were granted additional authority to allot Shares with an aggregate nominal value of up to £2,381,875 (being 10 per cent. of the Company's issued share capital at 2 February 2017). As at 24 February 2017, the Directors' had authority to allot Shares with an aggregate nominal value of £2,348,125.

The Company currently has no borrowings.

Dividend policy

The Company aims to pay as high, secure and sustainable a dividend as is compatible with protecting and increasing the value of its Shareholders' funds and maintaining its investment flexibility. Dividends are paid in July, October, January and April of each year.

The New Shares will rank *pari passu* in all respects with the existing Shares, including as to dividends.

The Company may pay dividends on the Ordinary Shares only to the extent that it has profits (including available revenue reserves and realised capital profits) available for that purpose. The payment of dividends out of realised capital profits will be used only to maintain the current dividend level and not to increase it. In the event of a prolonged period of low revenue, the capital reserves of the Company may be reduced to maintain the Company's current dividend level.

Discount and premium control policy

Investment trusts have long suffered from volatile discounts to net asset value. Sometimes, too, the shares of individual investment trusts may sell temporarily at a significant premium to net asset value. This can put those investing regularly through investment plans at a disadvantage, because they may find themselves buying shares at a sizeable premium which almost certainly will not be sustained and which will therefore have an adverse effect on the return from their investment.

In view of the disadvantages to Shareholders of such discount and premium fluctuations, the Company's policy is to ensure that the Shares always trade at close to net asset value through a combination of share buy backs and the issue of new Shares or treasury Shares at a small premium to net asset value where demand exceeds supply. This discount and premium control policy is enshrined in the Articles (in relation to which, further details are set out in paragraph 4 of Part 6 of this document).

The Directors have been given authorities in accordance with the Act by Shareholders to allot new Shares, and to re-issue Shares from treasury, for cash on a non-pre-emptive basis. Further details of these authorities are set out in paragraph 3 of Part 6 of this document. The Directors will seek renewals of these authorities annually and at other times should this prove necessary.

New Shares will be issued pursuant to the Issues only for the purpose of operating the Company's discount and premium control policy. In no circumstances would any issue of new Shares or re-issue of Shares from treasury be at an issue price which would result in a dilution of the Net Asset Value per Share.

At the Company's last annual general meeting, the Company was granted the authority to buy back up to 262,240 Shares. As at the date of this document, the Company has not purchased any Shares pursuant to this authority. The Directors will seek renewal of this authority from Shareholders annually and at other times should this prove necessary. Any buy back of Shares will be made subject to the Act and within guidelines established from time to time by the Board and the making and timing of any buy backs will be at the absolute discretion of the Board. The Directors are authorised to cancel any Shares purchased under this authority or to hold them in treasury. Purchases of Shares will be made only through the market for cash at prices below the prevailing net asset value of the Shares (as last published). Such purchases will also be made only in accordance with the rules of the UK Listing Authority, which provide that the price to be paid must not be more than five per cent. above the average of the middle market quotations for the Shares for the five business days before the purchase is made, or less than the nominal value of a Share.

It is the intention of the Directors that the share buy back authority will be used to purchase Shares if the middle market price for a Share is below the Net Asset Value per Share from time to time (taking into account any rights to which the Shares are trading "ex"). However, nothing in this discount and premium control policy will require the Directors to take any steps that would require the Company to make a tender offer for its Shares. Shareholders are referred to the risk factor on page 16 of this document.

PART 2

DIRECTORS, AIFM, INVESTMENT ADVISER AND ADMINISTRATION OF THE COMPANY

Directors

The Directors, who are non-executive (with the exception of Robin Angus) and all of whom are independent of the Investment Adviser, are responsible for the determination of the investment policy of the Company and its overall supervision. The Directors are as follows:

Hamish Buchan (Chairman): Hamish Buchan joined the Board as a non-executive Director in 2001 and became Chairman in 2009. He has worked in the investment trust sector since 1969 and headed the award-winning Wood Mackenzie (later NatWest Securities) trust research team for many years. He is a past Chairman of the Association of Investment Companies and is a non-executive director of Templeton Emerging Markets Investment Trust PLC and The Scottish Investment Trust PLC.

Robin Angus (Executive Director): Robin Angus has worked in the investment trust sector since 1977 and has been a Director of the Company since 1984 (and became Executive Director in 2002). He trained as an investment trust manager at Baillie Gifford & Co. and worked with Hamish Buchan for 17 years as an investment trust analyst.

Gordon Neilly: Gordon Neilly is Global Head of Strategy at Aberdeen Asset Management. He was previously Co-Chief Executive Officer of Cantor Fitzgerald Europe, Chief Executive of Intelli Corporate Finance and Finance and Business Development Director of Ivory & Sime. Company Secretary of the Company for ten years, he joined the Board as a non-executive Director in 1997 and has considerable experience and knowledge of investment trusts.

Stuart Paul: Stuart Paul joined the Board as a non-executive Director in 2009. He is Managing Partner of Stewart Investors which invests in Asia Pacific, Global Emerging and other markets worldwide on behalf of its clients. He is a Chartered Accountant and is a director of Didasko Education Company Limited.

Frank Rushbrook: Frank Rushbrook joined the Board as a non-executive Director in 2009. He is a partner in Rushbrook & Co LLP and has worked in the fund management industry since 1998. Following eleven years at F&C Investment Management Limited, latterly as Associate Director of Continental European Smaller Equities, he co-founded Nettle Capital Management LLP and has considerable experience of European mid and small cap markets.

Jean Sharp: Jean Sharp joined the Board as a non-executive Director in July 2016. She is a Chartered Accountant and since 1998 has been Chief Taxation Officer of Aviva and its predecessor companies.

AIFM

The Company is managed in accordance with the AIFMD by its subsidiary PATAC Limited which was established in 2009. PATAC is also the alternative investment fund manager for Troy Income Growth Trust plc and provides secretarial and administration services to: The Scottish Oriental Smaller Companies Trust plc; Seneca Global Income & Growth Trust plc; Strategic Equity Capital plc; and Capital Gearing Trust P.l.c. PATAC Limited is authorised and regulated by the Financial Conduct Authority.

Investment Adviser

Troy, which is authorised and regulated by the Financial Conduct Authority, was established in 2000. As at 31 January 2017, Troy managed or advised £8,971 million of fund mandates.

Sebastian Lyon, who has principal responsibility within Troy for the day to day management of the Company's portfolio, has 26 years' experience of fund management, the majority of which has been spent managing UK funds. Sebastian Lyon is the Chief Executive of Troy.

Investment advisory, administration and depositary arrangements

Investment advisory arrangements

The Board appointed its subsidiary PATAAC Limited as its alternative investment fund manager with effect from 22 July 2014 under the Investment Management Agreement. The AIFM delegates the portfolio advisory activities relating to the Company to Troy pursuant to a delegation agreement and Troy continues to provide portfolio advisory services to the Company as before.

The Investment Advisory Agreement between the Company, the AIFM and the Investment Adviser is on the same commercial terms as the previous investment advisory agreement save that Troy make a contribution towards the costs of the services provided by the AIFM.

The Investment Management Agreement and the Investment Advisory Agreement are both terminable on six months' notice. The advisory fee which is payable to the Investment Adviser in accordance with the Investment Advisory Agreement is based on Shareholders' funds and is 0.65 per cent. on the first £750 million; 0.55 per cent. between £750 million and £1 billion; and 0.5 per cent. thereafter. The fee is payable quarterly in arrears. No compensation is payable to the Investment Adviser in the event of termination of the contract over and above payment in respect of the required six months' notice.

Under the terms of the Investment Management Agreement and the Investment Advisory Agreement, the following matters have been expressly reserved to the Board: (a) the level and form of liquidity within the portfolio; (b) asset allocation within the portfolio; (c) the Company's gearing levels; (d) matters relating to the buying back and issuance of Shares; (e) matters relating to shareholder communication; (f) hedging; (g) investment in any new asset class; and (h) such other matters as the Board may reasonably intimate from time to time. However, the Board is required to engage in active dialogue with the Investment Adviser in relation to the matters referred to at items (a), (b), (e), (f) and (g) above.

Further details of the terms of the Investment Management Agreement are set out in paragraph 9.1 of Part 6 of this document and Investment Advisory Agreement are set out in paragraph 9.2 of Part 6 of this document.

Administration arrangements

All secretarial and administrative services are provided by the Company's own Executive Office.

Depositary arrangements

J.P. Morgan Europe Limited has been appointed as the Company's depositary. All the assets of the Group, other than cash deposits and receivables, are held by J. P. Morgan Chase Bank, N.A. (London Branch), the Group's custodian acting as a delegate of the Depositary. The Depositary is authorised and regulated by the Financial Conduct Authority.

Further details of the depositary agreement between the Company and the Depositary are set out in paragraph 9.3 of Part 6 of this document.

Annual expenses

The Company has incurred, and will continue to incur, administrative expenses, including, *inter alia*, audit fees, Directors' fees, custody fees, regulatory fees, directors' and officers' liability insurance premiums and printing costs.

It is estimated that the total expenses of the Company for the financial year ending 30 April 2017 (excluding the costs of and incidental to the Issues) will not exceed £6.25 million, being 0.8 per cent. of Shareholders' funds as at 24 February 2017.

Accounting policies

The Company charges 35 per cent. of the management fees to revenue and 65 per cent. to capital. The Company charges all other operating expenses to revenue.

Corporate governance

The Chairman and each of the other Directors is independent of the Investment Adviser. With the exception of Robin Angus, each member of the Board is non-executive.

Notwithstanding the appointment of the Investment Adviser, the Company is a self-managed investment trust run by its Board, which takes all major decisions collectively. While Robin Angus has executive duties, all of the Directors regard themselves and one another as equal in the duties and responsibilities they owe to Shareholders and accordingly work together as a unitary Board within which the Chairman (who is elected by the Directors from among their own number) acts as *primus inter pares*.

The Directors regard corporate governance and accountability to Shareholders as fundamental. They therefore place considerable emphasis on running the Company in the way they believe to be best suited to the successful management of an investment trust on behalf of its Shareholders. Each Director is subject to re-election annually.

Arrangements, appropriate to an investment trust, in respect of corporate governance have been made by the Board. The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for Investment Companies (the "**AIC Guide**"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations which are of specific relevance to investment trusts.

The Board considers that reporting against the principles and recommendations of the AIC Code, and with reference to the AIC Guide (which incorporates the UK Code), will provide better information to Shareholders than if it had adopted the UK Code.

The Company complied in its most recent financial year, and continues to comply, with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as disclosed in this section below.

The Board

The Board does not consider it appropriate for a senior independent director to be appointed as recommended by provision A.4.1 of the UK Code as it operates as a unitary board. The Board

considers that it is not appropriate for the Directors to be appointed for a specified term as recommended by principle 4 of the AIC Code and provision B.2.3 of the UK Code. However, the Board has agreed that each Director will retire annually and, if appropriate, stand for re-election.

The Board regularly reviews the independence of its members and, having due regard to the definitions and current AIC guidelines on independence, considers all Directors to be independent of the Investment Adviser. Gordon Neilly has served on the Board for 15 years and Hamish Buchan has served on the Board for 11 years. The Board has considered the independence of these two Directors and feels they display all the characteristics of independence and can be relied upon so to act at all times. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority, and does not consider that a Director's length of tenure reduces his or her ability to act independently.

The Board, which is a unitary board and meets formally or informally at least once a month, is also of the view that its composition is suitably diverse and effective.

The UK 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. In order to review its effectiveness, the Board carries out a process of formal self-appraisal. The Directors consider how the Board functions as a whole and they also review the individual performance of its members. This process is led by the Chairman and encompasses quantitative and qualitative measures of performance implemented by way of a discussion-based assessment process. The performance of the Chairman is evaluated by the other Directors.

Audit committee

The audit committee, chaired by Stuart Paul and comprising Mr Paul, Gordon Neilly, Frank Rushbrook and Jean Sharp, meets at least twice per year to coincide with the annual and interim reporting cycle. The principal role of the audit committee is to review the annual and interim financial statements and the accounting policies applied therein and to ensure compliance with financial and regulatory reporting requirements. The audit committee also reviews the system of internal controls, the terms of appointment of the auditors (including their remuneration), the objectivity of the auditors and the terms under which they are appointed to perform non-audit services.

Nominations committee

The nominations committee, chaired by Hamish Buchan and comprising Mr Buchan, Stuart Paul and Frank Rushbrook, considers the appointment of new Directors. Diversity, including gender, is considered when seeking potential candidates. The nominations committee meets at least annually.

Remuneration committee

The remuneration committee, chaired by Gordon Neilly and comprising Mr Neilly, Hamish Buchan and Stuart Paul, reviews the Directors' fees, employees' salaries and the remuneration paid to the Investment Adviser (together with the terms and conditions of appointment of the Investment Adviser) on an annual basis.

Conflicts of interest

The Investment Adviser and its 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 Investment Adviser 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 Investment Adviser will have regard to its obligations under the Investment Advisory Agreement or otherwise to act in the best interests of the Company, so far as is practicable having regard to its obligations to other clients or funds, should potential conflicts of interest arise. In addition, the Investment Adviser's policies and procedures to avoid or manage actual or potential conflicts of interest include (a) a policy to ensure that, in the event of a trade being instigated for more than one client, an allocation between clients of the amount being traded is booked before the instructions to deal are passed to the broker and varied only in exceptional circumstances (for example, where the volume of dealings is too small to divide up meaningfully); (b) strict rules governing the execution of trades by members of staff, which cannot be effected without prior permission from authorised personnel and then only on the basis that the trade is not in conflict with the interests of any client; (c) a policy that the Investment Adviser will not receive remuneration from clients or others apart from the contractually agreed investment management fees stipulated in each client's investment management or investment advisory agreement; and (d) a policy which allows bonuses for the Investment Adviser's staff to be sourced only from the profits of the Investment Adviser on a pre-determined basis.

As part of the Investment Adviser's routine compliance monitoring procedures, its conflicts of interest policy is reviewed annually. The particular procedures and measures are monitored monthly to ensure ongoing compliance.

Reports to Shareholders and net asset values

The annual report and accounts of the Company are made up to 30 April in each year. Copies of the annual report and accounts are sent to Shareholders in June of each year and annual general meetings of the Company are held in July of each year. Shareholders also receive an unaudited interim report covering the first six months of each financial year of the Company and a narrative quarterly report on matters relevant to the Company.

The Net Asset Value per Share is calculated by the Company in accordance with the Company's accounting policies and is published daily through a Regulatory Information Service. For the purposes of calculating the Net Asset Value per Share quoted investments are valued at fair value based on either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. Investments in unit trusts or OEICs are valued at the closing price released by the relevant investment manager. The calculation of the Net Asset Value per Share will be suspended only in circumstances where the underlying data necessary to value the investments of the Company cannot readily, or without undue expenditure, be obtained. Details of any suspension in making such calculations will be announced through a Regulatory Information Service.

Taxation

The Company has been approved by HM Revenue & Customs as an investment trust. The Directors believe that the affairs of the Company have been conducted so as to continue to satisfy the conditions to qualify as an investment trust under section 1158 of the Tax Act and the Company will be exempt from UK taxation on its capital gains. The Company will, however, be liable to UK corporation tax on its income in the normal way, with dividend income generally being exempt from corporation tax. Income arising from overseas investments may be subject to foreign withholding taxes at varying rates, but double taxation relief may be available on overseas income other than dividend income.

A guide to the general UK taxation position as at the date of this document is set out in Part 5 of this document.

If you are in any doubt as to your taxation position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser without delay.

PART 3

DETAILS OF THE ISSUES

The Issues

General

New Shares will be issued pursuant to the Issues only for the purpose of operating the Company's discount and premium control policy. The New Shares will be issued only to meet demand from investors and in no circumstances will shares be actively marketed. New Shares will be issued pursuant to the Issues only during the period commencing at 8.00 a.m. on 1 March 2017 and ending at 5.00 p.m. on 28 February 2018. However, the Company will continue its discount and premium control policy following the expiry of this period in accordance with the Articles and will seek to issue further prospectuses as and when required under the Prospectus Rules.

The Company will issue a maximum of 500,000 New Shares under the Issues. Each Issue will be conditional upon admission of the relevant New Shares to the premium segment of the Official List and to trading on the Main Market becoming effective. None of the Issues will be underwritten.

The Issues have been proposed in principle by the Directors to allow the Company to issue New Shares to satisfy demand from investors at times when Shares are trading at a premium to the Net Asset Value per Share. Accordingly, the issue of New Shares pursuant to the Issues will not result in a dilution of the Net Asset Value per Share. The Directors intend to apply the net proceeds of any Issues in accordance with the Company's investment policy.

The New Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares.

The Directors believe that the profile of a typical investor in the Company is a professionally advised private individual with either a substantial amount of capital or an expectation to build it out of income, who is seeking to protect and increase (in that order) his or her funds over the long term. In the event that the maximum number of New Shares (being 500,000 New Shares) is issued under the Issues, the existing Ordinary Shares as at 24 February 2017 would represent 79.4 per cent. of the enlarged issued share capital.

Issue Price

The Issue Price of each Issue, which will be determined by the Company's Executive Office, will be calculated by applying a premium of not more than five per cent. to the Net Asset Value per Share (whether published or unpublished) as at the relevant Calculation Time (rounded up to the nearest tenth of one pound). Notwithstanding this maximum premium, the Board considers that it would be unlikely that, in normal circumstances, the Issue Price of the New Shares in respect of any Issue would exceed a premium of three per cent. to the Net Asset Value per Share at the time of issue. The Net Asset Value per Share will be calculated in accordance with the Company's normal accounting policies. The Issue Price of each Issue will be announced through a Regulatory Information Service as soon as practicable following each Issue.

Listing and dealing

Issues will be made only in the circumstances described in the paragraph headed "General" above. Where Issues are effected, it is expected that New Shares will be admitted to the Official List of the UKLA and to trading on the Main Market not later than the fourth business day following the Board's resolution to allot those New Shares. No dealings will commence before the relevant date of

Admission.

New Shares issued pursuant to the Issues will be issued in registered form and may be held either in certificated form or settled through CREST. It is expected that definitive certificates in respect of New Shares will, where requested, be despatched by post in the week following the issue of the relevant New Shares. Temporary documents of title will not be issued. Pending despatch of such certificates, transfers will be certified against the register. Dealings in New Shares are expected to commence at 8.00 a.m. on 1 March 2017 at the earliest and no later than 5.00 p.m. on 28 February 2018. The Issues cannot be revoked after dealings in the relevant New Shares have commenced. The ISIN for the New Shares is GB0006827546.

Costs of the Issues

The aggregate costs of and incidental to the publication of this document, which have been or will be borne by the Company, are approximately £60,000 (the "**Documentation Costs**").

The immediate dilution in the Net Asset Value per Share arising from the Documentation Costs (on the assumption that no New Shares are issued pursuant to any Issue and based on the Net Asset Value per Share as at 24 February 2017) is approximately 0.01 per cent. New Shares will be issued at a level of premium to the Net Asset Value per Share such that, disregarding the Documentation Costs, no Issue is expected to be dilutive to the Net Asset Value per Share after taking into account the other costs of the Issues.

PART 4

FINANCIAL INFORMATION (INCLUDING PORTFOLIO INFORMATION)

1. Introduction

Statutory consolidated accounts of the Company (prepared in accordance with United Kingdom law and those International Financial Reporting Standards adopted by the European Union) for the three financial years ended 30 April 2014, 30 April 2015 and 30 April 2016, in respect of which the Company's auditors, Ernst & Young LLP, Chartered Accountants, Ten George Street, Edinburgh EH2 2DZ, who are members of the Institute of Chartered Accountants in England and Wales, made an unqualified report under section 495 or section 497 of the Act, did not contain any statement under section 498(2) or (3) of the Act. Copies of the statutory accounts of the Company for the three financial years ended 30 April 2014, 30 April 2015 and 30 April 2016, together with a copy of the Company's unaudited interim reports and accounts for the six months ended 31 October 2015 and 31 October 2016, are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and 16 Charlotte Square, Edinburgh EH2 4DF until 28 February 2018.

2. Historical financial information

Historical financial information relating to the Company on the matters referred to below is included in the published annual report and audited accounts of the Company for the three financial years ended 30 April 2014, 30 April 2015 and 30 April 2016 and in the unaudited interim reports and accounts of the Company for the six months ended 31 October 2015 and 31 October 2016 as set out in the table below and is expressly incorporated by reference into this document. The non-incorporated parts of these annual reports and accounts and interim report and accounts of the Company are either not relevant to investors or covered elsewhere in the Prospectus.

<i>Nature of information</i>	<i>Statutory Accounts for year ended</i>			<i>Unaudited Interim Report for six months ended</i>	
	<i>30 April 2014</i>	<i>30 April 2015</i>	<i>30 April 2016</i>	<i>31 October 2015</i>	<i>31 October 2016</i>
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Key Features	2	1	1	2	2
Financial summary	n/a	n/a	n/a	2	2
Income Statement	29	11	11	6-7	6-7
Statement of changes in equity	31-32	13	13	8	8
Statements of financial position	30	12	12	8	8
Cash flow statements	33	14	14	9	9
Notes to the accounts	34-46	15-20	15-20	10-11	10-11
Independent Auditor's Report	26-28	29-30	29-33	n/a	n/a

3. Selected financial information

The information in this paragraph 3 is information regarding the Company which has been prepared by the Company and has been extracted directly from the historical financial information referred to in paragraph 2 of this Part 4. Selected historical financial information relating to the Company which summarises the financial condition of the Company for the three years ended 30 April 2014, 30 April 2015 and 30 April 2016 and for the six months ended 31 October 2015 and 31 October 2016 is set out in the following table:

	<i>Year ended 30 April 2014</i>	<i>Year ended 30 April 2015</i>	<i>Year ended 30 April 2016</i>	<i>Six months ended 31 October 2015</i>	<i>Six months ended 31 October 2016</i>
Net asset value					
Net assets (£'000)	573,237	609,745	640,624	603,859	721,686
Net asset value per Share (£)	333.77	349.83	367.15	348.89	394.85
Share price (£)	331.90	350.70	372.50	352.60	397.00
Income					
Revenue return after expenses and taxation (£'000)	8,251	6,341	8,254	4,499	5,638
Revenue return per Share (£)	4.78	3.65	4.78	2.58	3.13
Dividend per Share (£)	5.60	5.60	5.60	2.80	2.80
Ongoing Charges					
As a percentage of average total Shareholders' funds	0.86%	0.87%	0.86%	-	-
Portfolio summary (£'000)	573,237	609,745	640,624	603,859	721,686
NAV/share price returns					
Net asset value return	(5.1)%	4.8%	5.0%	(0.3)%	7.5%
Share price return	(7.0)%	5.7%	6.2%	0.5%	6.6%

4. Operating and financial review

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

<i>Nature of information</i>	<i>Statutory Accounts for year ended</i>			<i>Interim Report for six months ended</i>	
	<i>30 April</i>	<i>30 April</i>	<i>30 April</i>	<i>31 October</i>	<i>31 October</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Chairman's Statement	6	2	2	n/a	n/a
Investment Adviser's Report	7	3	3	5	5
Portfolio	8	7	7	4	4

5. Significant change

Since 31 October 2016 (being the end of the last financial period of the Company for which financial information has been published), there has been no significant change in the financial or trading position of the Company.

6. Net proceeds and expenses of the Issues

Assuming that the maximum number of New Shares available for issue under the Issues is issued at an Issue Price of £405.90 (representing a premium of 1.3 per cent. to the Net Asset Value per Share calculated as at close of business on 24 February 2017), £202.95 million in aggregate would be raised under the Issues. Assuming that the maximum number of New Shares available for issue under the Issues is issued by way of a single Issue, the total costs and expenses of and incidental to the Issues payable by the Company would be approximately £177,500, being 0.09 per cent. of the total proceeds of the Issues.

Assuming £202.95 million is raised by way of a single Issue, the net proceeds available for investment by the Company will be approximately £202.77 million and these net proceeds will be invested in accordance with the Company's investment policy described in Part 1 of this document.

7. Working capital

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

8. Net asset value

The unaudited Net Asset Value per Share as at 24 February 2017 was £400.69 including current income.

9. Analysis of investment portfolio

As at 24 February 2017, the Group's portfolio comprised investments with an aggregate unaudited value, calculated in accordance with the Group's accounting policies, of £769.3 million. The following tables show the distribution of the portfolio by asset class and sector as at 24 February 2017.

<i>By asset class</i>	<i>% of Total Assets</i>
Listed equities	46.8
Government bonds (United States and UK)	38.5
Gold bullion	10.5
Net current assets	4.2
	100.00

<i>By sector</i>	<i>Valuation (£'000s)</i>	<i>% Total of Assets</i>
Oil & gas	16,179	2.1
Basic materials	10,879	1.4
Industrials	-	-
Consumer goods	232,690	30.2
Healthcare	23,556	3.1
Telecom	-	-
Consumer services	-	-
Utilities	-	-
Financials	31,447	4.1
Technology	45,178	5.9
Government bonds (United States and UK)	296,073	38.5
Gold bullion	80,570	10.5
Net current assets	32,757	4.2
	769,329	100.00

The Company's 10 largest holdings, as at 24 February 2017, were as follows:

	<i>Valuation (£'000s)</i>	<i>% Total of Assets</i>
1. US TIPS 1.375% 15/07/2018	91,165	11.8
2. Gold	80,570	10.5
3. US TIPS 0.125% 15/01/2022	58,529	7.6
4. UK T-Bill 0% 06/03/2017	39,999	5.2
5. UK T-Bill 0% 22/05/2017	39,979	5.2
6. Philip Morris	38,881	5.1
7. British American Tobacco	37,711	4.9
8. UK T-Bill 0% 110/04/2017	34,992	4.5
9. UK index-Linked Gilt 0.125% 22/03/2024	31,409	4.1
10. Nestle	28,159	3.7
Total	481,394	62.6

The information in this paragraph 9 is unaudited information on the Company, which has been extracted from internal management accounting records held by the Company and has not been reported on by an accountant.

PART 5

TAXATION

The information contained in this document relating to taxation is a summary of the taxation matters which the Directors consider should be brought to the attention of prospective Shareholders. The following statements are intended as a general guide only and do not constitute legal or tax advice to any Shareholder or prospective Shareholder. They are based upon the United Kingdom law and HM Revenue & Customs practice currently in force, and relate only to the position of Shareholders who are beneficial owners of their Shares. They may not relate to certain categories of Shareholders, such as dealers in securities. Prospective Shareholders should consult their own professional advisers on the potential tax consequences of acquiring, holding or selling Ordinary Shares in the Company.

1. The Company

It is the intention of the Directors to continue to conduct the affairs of the Company so as to satisfy the conditions for approval as an investment trust under section 1158 of the Tax Act. The Company has been approved as an investment trust pursuant to the Investment Trust (Approved Company) (Tax) Regulations 2011, which came into force on 1 January 2012 and have applied to the Company from its accounting period beginning 1 May 2012. The Company will therefore continue to retain investment trust status in each accounting period going forward, other than to the extent that the Company has committed a serious breach of one or more of the conditions for qualification as an investment trust, and will be exempt from United Kingdom taxation on its chargeable gains. In order to maintain its investment trust status for an accounting period, the Company must not, inter alia, be a close company for UK tax purposes at any time in that accounting period. The Directors do not anticipate that the Company will be a close company.

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, but double taxation relief may be available on overseas income other than dividend income.

2. Shareholders

2.1. Taxation of capital gains

Individual Shareholders resident in the UK for taxation purposes may, depending upon their personal circumstances, be liable to UK capital gains tax or, in the case of corporations, UK corporation tax on chargeable gains arising from the sale or other disposal (which includes disposal upon a winding up) of their Shares. From 6 April 2016, a disposal by an individual Shareholder, resident in the UK for taxation purposes, will be subject to capital gains tax at a rate of 20 per cent. where the individual pays income tax at the higher or additional rates of tax; otherwise a tax rate of 10 per cent. applies. An individual may be able to claim certain reliefs, including the annual exemption which is £11,100 for fiscal year 2016/17. This exemption may change for future fiscal years. Shareholders which are corporations resident in the UK will benefit from an indexation allowance which, in general terms, increases the tax base cost of an asset in accordance with changes in the Retail Prices Index. Indexation allowance may not create or increase an allowable loss.

Shareholders who are not resident in the UK for taxation purposes will not normally be liable to UK capital gains tax arising from the sale or other disposal of their Shares unless (in the case of a corporate shareholder) those Shares are held through a UK branch or agency, although they may be subject to foreign taxation depending upon their personal circumstances.

2.2. Taxation of dividends

The notional 10 per cent. dividend tax credit was abolished with effect from 6 April 2016. A £5,000 (fiscal year 2016/2017) annual tax free dividend allowance was introduced for UK resident individuals with effect from 6 April 2016. Dividends received in excess of this threshold will be taxed, for the fiscal year 2016/2017 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers). The taxation of dividends received by pensions and ISAs will be unaffected.

In general, UK resident corporate Shareholders (other than dealers and certain insurance companies) are not liable to UK corporation tax or UK income tax in respect of dividends, except in certain circumstances.

Non-UK resident Shareholders may be subject to tax on dividend income under any law to which they are subject outside the UK. Under current legislation, no withholding tax will be deducted from any dividends paid by the Company.

3. **Stamp duty and stamp duty reserve tax (SDRT)**

3.1. In relation to UK stamp duty and SDRT:

- (i) The allocation, allotment and issue of New Shares will not give rise to a liability to stamp duty or SDRT.
- (ii) Any subsequent conveyance or transfer on sale of Shares in certificated form will usually be subject to stamp duty on the instrument of transfer at a rate of 0.5 per cent. of the amount or value of the consideration (the amount payable being rounded up, if necessary, to the nearest multiple of £5). An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000. Payment of stamp duty is generally made by the purchaser.

3.2. A transfer of Shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the Shares) will generally be subject to SDRT (rather than stamp duty) at the rate of 0.5 per cent. (the amount payable being rounded up or down to the nearest penny) of the value of the consideration given. CREST automatically collects SDRT on relevant transactions settled within the system. Legislation stipulates that SDRT is a liability of the purchaser (although it may be accounted for to HMRC by another party).

Special rules will apply if the Shares are issued or transferred to, or to a nominee or agent for, either a person whose business is or includes issuing depositary receipts within section 67 or section 93 of the Finance Act 1986 or a person providing a clearance service within section 70 or section 96 of the Finance Act 1986, under which SDRT or stamp duty may be charged at the higher rate of 1.5 per cent. of the value of the

consideration given or, in some cases, the value of the shares. Following litigation, however, HMRC have confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on the issue of shares into a clearance service or depositary receipt arrangement on the basis that the charge is not compatible with EU law. HMRC's view is that the 1.5 per cent. SDRT or stamp duty charge will, however, continue to apply to transfers of shares into a clearance service or depositary receipt arrangement unless they are an integral part of an issue of share capital. This view is currently being challenged in further litigation.

4. **ISAs**

New Shares will qualify for inclusion in an ISA, provided that they are acquired by an ISA manager in the secondary market. Shares subscribed for directly pursuant to an Issue will not qualify for inclusion in an ISA.

For the 2016/17 tax year ISAs have an overall subscription limit of £15,240 and the limit will increase to £20,000 for the 2017/2018 tax year.

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

5. **SIPPs and SSASs**

Ordinary Shares will be permitted investments for SIPPs and SSASs.

PART 6

GENERAL INFORMATION

1. Incorporation and general

- 1.1. The Company was incorporated and registered in Scotland on 23 April 1981 as a public company limited by shares under the Companies Act 1948 with registered number SC074582. Shares in the Company were first admitted to listing in 1983. The Company operates under the Act and regulations made under the Act. Its registered office is 10 St Colme Street, Edinburgh EH3 6AA (telephone number: 0131 538 1400). Save for its compliance with the Act, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the Prospectus Rules and the UK Code, the Company is not a regulated entity.
- 1.2. The objects of the Company were previously set out in full in clause 4 of its memorandum of association, which, in accordance with the Act, now forms part of the Company's articles of association. The principal object of the Company is to carry on the business of an investment trust company or investment company in all its branches.

2. AIFM, Investment Adviser and Depositary

- 2.1. The AIFM is a private limited company and was incorporated in Scotland under the Act with registered number SC366565 on 8 October 2009. The AIFM operates under the Act. Its registered office is 21 Walker Street, Edinburgh EH3 7HX (telephone number: 0131 538 1400). The AIFM is authorised and regulated by the Financial Conduct Authority.
- 2.2. The Investment Adviser is a private limited company and was incorporated in England and Wales under the Companies Act 1985 with registered number 03930846 on 22 February 2000. The Investment Adviser operates under the Act. Its registered office is Hill House, 1 Little New Street, London EC4A 3TR and its principal place of business is 33 Davies Street, London W1K 4BP (telephone number: 020 7499 4030). The Investment Adviser is authorised and regulated by the Financial Conduct Authority.
- 2.3. The Depositary is a private limited company and was incorporated in England and Wales under the Companies Act 1948 with registered number 00938937. The Depositary operates under the Act. The Depositary's registered office is 25 Bank Street, Canary Wharf, London E14 5JP (telephone number: 020 7777 2000). The Depositary is authorised and regulated by the Financial Conduct Authority.

3. Share capital and indebtedness

- 3.1. The issued share capital of the Company (all of which issued Shares will be fully paid-up) as at the date of the Prospectus and immediately following Admission (assuming the maximum number of New Shares is issued) will be as follows:

	<i>No. of Ordinary Shares</i>	<i>Nominal Value</i>
As at the date of this document		
Ordinary Shares	1,923,052	£24,038,150
Immediately following Admission of all of the New Shares		
Ordinary Shares	2,423,052	£30,288,150

As at the date of this document, no Shares are held by the Company in treasury. The Company has no authorised share capital.

3.2. The following changes have occurred in the share capital of the Company between 1 May 2013 and 31 October 2016:

3.2.1. in the financial year from 1 May 2013 to 30 April 2014 the Company issued 69,538 Ordinary Shares;

3.2.2. in the financial year from 1 May 2014 to 30 April 2015 the Company issued 35,609 Ordinary Shares;

3.2.3. in the financial year from 1 May 2015 to 30 April 2016 the Company issued 55,625 Ordinary Shares; and

3.2.4. in the six months from 1 May 2016 to 31 October 2016 the Company issued 87,763 Ordinary Shares.

As at 1 May 2013, the Company had in issue 1,685,901 Ordinary Shares and, as at 31 October 2016, the Company had in issue 1,827,744 Ordinary Shares.

3.3. The following table sets out the capitalisation and indebtedness of the Company (distinguishing between guaranteed and unguaranteed, and secured and unsecured indebtedness) as at 31 October 2016 (the last date in respect of which interim financial information on the Company has been published) and as at 24 February 2017:

	<i>31 October 2016</i>	<i>24 February 2017</i>
Total current debt	-	-
Guaranteed	-	-
Secured	-	-
Unguaranteed/unsecured	-	-
Total Non-current debt	-	-
Guaranteed	-	-
Secured	-	-
Unguaranteed/unsecured	-	-
Shareholders' equity		
Share capital	£22,846,800	£24,000,025
Legal reserves (excl. revenue reserves)	£698,837,473	£745,329,448
Other reserves (excl. revenue reserves)	-	-
Total	£721,684,273	£769,329,473

3.4. No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

- 3.5. At the annual general meeting of the Company held on 21 July 2016, the Directors were authorised as follows:
- (i) generally and unconditionally pursuant to section 551 of the Act, to allot Shares up to an aggregate nominal amount of £2,186,800 (such authority to expire at the conclusion of the Company's next annual general meeting or on the expiry of 15 months from the passing of the resolution, whichever is the earlier); and
 - (ii) pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) and to sell Shares held by the Company in treasury, wholly for cash pursuant to the authority noted in paragraph 3.5(i) above as if sub-section 561(1) of the Act did not apply to any such allotment or sale, provided that this authority is to expire at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of the resolution, whichever is the earlier (but so that the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired) and is limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £2,186,800, being 10 per cent. of the nominal value of the issued share capital of the Company as at 2 June 2016.
- 3.6. At the general meeting of the Company held on 23 February 2017, the Directors were authorised as follows:
- (i) generally and unconditionally pursuant to section 551 of the Act, to allot Shares up to an aggregate nominal amount of £2,381,875 (such authority to expire at the conclusion of the Company's next annual general meeting or on the expiry of 15 months from the passing of the resolution, whichever is the earlier); and
 - (ii) pursuant to sections 570 and 573 of the Act, to allot equity securities (as defined in section 560 of the Act) and to sell Shares held by the Company in treasury, wholly for cash pursuant to the authority noted in paragraph 3.6(i) above as if sub-section 561(1) of the Act did not apply to any such allotment or sale, provided that this authority is to expire at the conclusion of the next annual general meeting of the Company or on the expiry of 15 months from the passing of the resolution, whichever is the earlier (but so that the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if this power had not expired) and is limited to the allotment of equity securities and the sale of treasury shares for cash up to an aggregate nominal amount of £2,381,875, being 10 per cent. of the nominal value of the issued share capital of the Company as at 2 February 2017.
- 3.7. The disapplication of statutory pre-emption rights in the terms provided under the special resolutions noted at paragraph 3.5(ii) and 3.6(ii) above gives the Company the flexibility to resell Shares which it holds in treasury for cash without first being required to offer such Shares to existing Shareholders in proportion to their existing holdings.
- 3.8. The Company has authority to buy back up to 262,240 Shares. The Company has not purchased any Shares pursuant to this authority.
- 3.9. The provisions of section 561 of the Act, which confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities which are to be paid up in cash, apply

to the unissued capital of the Company except as referred to in paragraphs 3.5 and 3.6 above.

- 3.10. Issues will be made only in the circumstances described in the section entitled “The Issues” in Part 3 of this document. Where Issues are made, it is expected that the New Shares will be issued pursuant to resolutions of the Board conditional upon admission of those Shares to the premium segment of the Official List and to trading on the Main Market. All of the Ordinary Shares are (or, in the case of any New Shares which are issued, will be) admitted to trading on the Main Market.
- 3.11. JPMorgan Cazenove, Investec Bank, Numis Securities, Winterflood Securities, Cantor Fitzgerald Europe, Cenkos Securities, Peel Hunt and Canaccord Genuity act as market makers in respect of the Shares and have agreed to act as market makers in respect of the New Shares.

4. Articles of Association

The Ordinary Shares (which at the date of this document are the only class of share in issue in the Company) have attached thereto the respective rights and privileges and are subject to the respective limitations and restrictions set out in this paragraph 4. The Articles contain provisions, inter alia, to the following effect:

4.1. Dividends

Subject to the provisions of the Act, the Company may by ordinary resolution from time to time declare dividends in accordance with the respective rights of the members, but only on the recommendation of the Board and no dividend shall exceed the amount recommended by the Board. The Board may also pay such interim dividends as appear to them to be justified by the financial position of the Company and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever the financial position of the Company justifies its payment.

Any dividend unclaimed for a period of 12 years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

In the event that a restriction notice (as detailed in paragraph 4.2.2 below) has been served, and the person holding the restricted Shares holds at least 0.25 per cent. in number or nominal value of the Shares in the Company, the Board may withhold the payment of all or part of any dividend (including shares issued in lieu of dividends) due on those restricted Shares.

4.2. Voting

4.2.1. General voting rights

The holder of an Ordinary Share shall be entitled to receive notice of and to attend, speak and vote at all general meetings of the Company in person (or, if a corporation, by a duly authorised representative) or by proxy. At any general meeting, on a show of hands every holder of Ordinary Shares who is present and entitled to vote shall have one vote and upon a poll every such holder of shares present in person, by corporate representative or by proxy shall have one vote in respect of each share held by him or her and every corporate representative present in person may exercise all the powers on behalf of the company which authorised him or her to act as its representative and shall have one vote for every share in

respect of which he is appointed the corporate representative. However, no member shall be entitled to exercise a vote at any general meeting (or class meeting): (i) in relation to an Ordinary Share if any call or other sum immediately payable by him or her in respect of that Ordinary Share remains unpaid; or (ii) in relation to any Shares if a member has been served with a statutory notice by the Directors in the manner described in paragraph 4.2.2 below and has failed to supply to the Company the information required thereby within 14 days.

4.2.2. *Restrictions on voting*

If a holder of Shares or any person appearing to be interested in those Shares is served with a statutory notice by the Company under section 793 of the Act (which notice demands the disclosure of certain information regarding the relevant receiver's interest in the Shares) but defaults in supplying to the Company the information thereby required within 14 days of the service of such notice then the Directors may serve on the holder of those Shares a further notice (a "**restriction notice**") the effect of which is, inter alia, to prevent the holder from voting at any general meeting or class meeting of the Company in respect of those Shares.

4.3. ***Redeemable Shares***

The Company may (subject to company law and any rights conferred on the holders of any other shares) issue shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder of the Share and the Board is authorised to determine the terms, conditions and manner of redemption of any such Shares.

4.4. ***Transfer of Shares***

The Articles provide that Shares may be transferred on the following basis:

- (i) any member may transfer all or any of his or her uncertificated Shares by means of a relevant system in such manner provided for, and subject as provided in the Uncertificated Securities Regulations 2001 and the rules of any relevant system, and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Share to be transferred; and
- (ii) any member may transfer all or any of his or her certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) the transferee, and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the register of members of the Company in respect of it.

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

The Board may also decline to register a transfer of an uncertificated Share in the circumstances set out in the Uncertificated Securities Regulations 2001, and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated

share is to be transferred exceeds four.

In relation to certificated Shares, the Board may also decline to register any transfer unless:

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

The Directors may in addition decline, subject to the Uncertificated Securities Regulations 2001, to register the transfer of a Share subject to a restriction notice (as detailed in paragraph 4.2.2 above) where the person holding the restricted Shares holds at least 0.25 per cent. in number or nominal value of the Shares in the Company. This restriction cannot be applied where the transfer is pursuant to an “arms’ length sale”.

4.5. ***Variation of rights***

All or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class (excluding any Shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate general meeting of the holders of those Shares. All the provisions of the Articles as to general meetings of the Company (described at paragraph 4.12 below) shall, mutatis mutandis, apply to any such separate general meeting, but so that the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of the class (excluding any Shares of that class held as treasury shares), but so that at any adjourned meeting one holder present in person or by proxy (whatever the number of Shares held by him or her) shall be a quorum and, that every holder of Shares of the class present in person or by proxy (excluding any Shares of that class held as treasury shares) shall be entitled on a poll to one vote for every Share of the class held by him or her (subject to any rights or restrictions attached to any class of Shares) and that any holder of Shares of the class present in person or by proxy may demand a poll. The foregoing provisions shall apply to the variation of the special rights attached to some only of the Shares of any class as if each group of Shares of the class differently treated formed a separate class and their special rights were to be varied.

4.6. ***Reduction of Capital***

The Company may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any manner permitted by law.

4.7. ***Untraced Shareholders***

Subject to various notice requirements, the Company may sell on the London Stock Exchange at the best price reasonably obtainable any certificated Share (including further Shares issued in respect of that Share) provided that for a period of 12 years at least three dividends on those Shares have become payable and no such dividend has been claimed by presentation at a bank of the relevant cheque or warrant or been satisfied by the transfer of funds to a bank account designated by the holder of (or person entitled to) the Shares or otherwise been transferred through CREST (or another relevant service), and so far as the Directors are aware the Company has not received any communication during the relevant period from the holder of, or person entitled to, those Shares.

4.8. ***Maintenance of middle market price***

Subject to it being in the interests of Shareholders as a whole and the Directors having all necessary authorities under company law and the Articles, the Directors shall offer to allot and ensure that the Company shall offer to purchase Shares with a view to maintaining the middle market price at which the Shares trade on the Main Market as close to the Net Asset Value per Share as most recently published by the Company (taking into account any rights in respect of which the Shares are trading “ex”).

4.9. ***Capital reserve***

The Board shall establish a reserve to be called the “capital reserve” and shall either carry to the credit of such reserve from time to time all capital profits or appreciations arising on the sale, transposition, payment off of or revaluation of any investment or other capital asset of the Company in excess of the book value thereof or apply the same in providing for depreciation or contingencies. For the avoidance of doubt, accrued but unpaid interest or any sum received in respect of accrued but unpaid interest shall not be treated as capital profits or appreciations arising on the sale, transposition, payment off of or revaluation of any investment or other capital asset. Any losses realised on the sale, transposition, payment off of or revaluation of any investment or other capital asset and any other expenses, loss or liability (or provision therefor) considered by the Board to be of a capital nature shall be carried to the debit of the capital reserve except in so far as the Board may in its discretion decide to make good the same out of other funds of the Company. Any increase or diminution in the amount of any index-linked stock or other index-linked obligation of the Company shall be carried to the debit or credit of the capital reserve, except in so far as the Board may in its discretion decide to make good the same out of or credit the same to other funds or reserves of the Company.

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

4.10. ***Borrowing powers***

The Board may, subject to the restrictions set out below, exercise all of the powers of the Company to borrow money and to mortgage or charge its undertaking, property, assets and uncalled capital, or any part thereof, and to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (as regards subsidiaries so far as by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group (exclusive of intra group borrowings) shall not, except with the sanction of the Company in general meeting, exceed at the time of borrowing an amount equal to the aggregate of twice (1) the amount paid up or credited as paid up on the capital of the Company plus (2) the amount standing to the credit of the consolidated capital and revenue reserves (including share premium account and any balance on the consolidated profit and loss account), all as shown in the latest published consolidated balance sheet of the Company and its subsidiaries but (i) adjusted in respect of any variation in the paid up capital and share premium account of the Company since the date of that balance sheet and (ii) excluding any amounts set aside for taxation and any amounts attributable to outside shareholders in subsidiaries and (iii) deducting any debit balance on the consolidated profit and loss account at the date of that balance sheet and (iv) excluding any amount representing unrealised appreciation on capital assets as shown in such balance sheet.

The term "moneys borrowed" shall be deemed to include:

- (i) the nominal amount of any issued debentures (as defined in section 738 of the Act) notwithstanding that the same be issued in whole or in part for a consideration other than cash; and
- (ii) the nominal amount of any issued share capital and the principal amount of any moneys borrowed, the repayment whereof is guaranteed by the Company or any of its subsidiaries (together in each case with any fixed or minimum premium payable on final redemption or repayment) except so far as either (i) such share capital or the debt owing in respect of such borrowed moneys are for the time being beneficially owned by the Company or by any of its subsidiaries or (ii) such borrowed moneys are otherwise taken into account as moneys borrowed by the Company or any of its subsidiaries.

4.11. **Directors**

4.11.1. *Number of Directors*

The minimum number of Directors is two and the maximum number of Directors is ten.

4.11.2. *Appointment and removal of Directors*

The Company may by ordinary resolution appoint any person who is willing to act to be a Director (either as an addition to the Board or to fill a vacancy). The Board may also appoint any person to the Board (either as an addition or to fill a vacancy) for the period from the date of appointment until the next general meeting.

Each Director shall retire from office at the third annual general meeting after the

annual general meeting at which he or she was last elected.

The Company may remove a Director at any time by special resolution. The office of Director shall also be vacated if:

- (i) he or she resigns his or her office by notice in writing; or
- (ii) by notice in writing he or she offers to resign and the Board resolves to accept such offer; or
- (iii) by notice in writing his or her resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; or
- (iv) he or she is or has been suffering from mental ill health or becomes a patient for any purpose of any statute relating to mental health and the Board resolves that his or her office is vacated; or
- (v) he or she is absent without the permission of the Board from meetings of the Board (whether or not an alternate director appointed by him or her attends) for six consecutive months and the Board resolves that his or her office is vacated; or
- (vi) he or she becomes bankrupt or compounds with his or her creditors generally; or
- (vii) he or she is prohibited by law from being a Director; or
- (viii) he or she ceases to be a Director by virtue of company law or is removed from office pursuant to the Articles.

4.11.3. *Directors' fees, expenses and remuneration*

The fees paid to Directors for their services as Directors shall not exceed £175,000 in aggregate or such higher amount as the Company may by ordinary resolution determine. A Director may also be paid his or her reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board (or any committee thereof) and any other meeting that he or she is entitled to attend and all other costs and expenses properly and reasonably incurred by him or her in the conduct of the Company's business or in the discharge of his or her duties. A Director who is appointed to any executive office or who performs services which, in the opinion of the Board, go beyond the ordinary duties of a Director may be paid such extra remuneration as the Board (or any committee thereof) may think fit.

4.11.4. *Directors' interests*

No Director or proposed or intending director shall be disqualified by his or her office from contracting with the Company, either with regard to his or her tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any contract in which any Director is in any way interested be liable to be avoided, nor shall any Director who is so interested be liable to account to the Company or the members for any remuneration, profit or other benefit realised by the contract by reason of the Director holding that office or of the

fiduciary relationship thereby established.

A Director may hold any other office or place of profit with the Company (except that of auditor) for such period (subject to company law) and upon such terms as the Board may decide, and may be paid such extra remuneration for so doing as the Board or any committee authorised by the Board may decide.

A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested or as regards which it has any power of appointment, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him or her as a Director or officer of or from his or her interest in the other company.

A Director may act by herself or himself or his or her firm in a professional capacity (otherwise than as auditor) and he or she or his or her firm shall be entitled to remuneration for professional services as if he or she were not a Director.

A Director shall not vote on or be counted in the quorum in relation to any resolution of the Board concerning his or her own appointment, or the settlement or variation of the terms or the termination of his or her own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested.

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board in respect of any actual or proposed transaction or arrangement with the Company in which he or she has an interest which (taken together with any interest of any person connected with him or her) is to his or her knowledge an interest of which he is aware, or ought reasonably to be aware, does conflict, or can reasonably be regarded as likely to give rise to a conflict, with the interests of the Company and, if he or she shall do so, his or her vote shall not be counted (subject to certain exceptions provided under the Articles).

A Director who is in any way, whether directly or indirectly, interested in an actual or proposed transaction or arrangement with the Company shall declare the nature and extent of his or her interest at the meeting of the Board at which the question of entering into the contract is first taken into consideration, if he or she knows his or her interest then exists, or in any other case at the first meeting of the Board after he or she knows that he or she is or has become so interested.

In respect of any situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, the Board may authorise the matter, on such terms as they may determine, provided that:

- (i) the Director has declared the full nature and extent of the situation to the Board; and
- (ii) it is proposed (either by the Director in question or another) that the Board authorise the matter and upon the resolution to do so the requirement for the quorum is met without counting the Director in question and the resolution was agreed to without such Director voting or would have been agreed to if that conflicted Director's vote had not been

counted.

Any authorisation given by the Board under the Articles may provide that, where the interested Director obtains (other than through his or her position as a director of the Company) information that is confidential to a third party, he or she will not be obliged to disclose it to the Company or use it in relation to the Company's affairs in circumstances where to do so would amount to breach of confidence.

Subject to company law and the Listing Rules, the Company may by ordinary resolution suspend or relax the above provisions on Directors' conflicts to any extent or ratify any contract not properly authorised by reason of a contravention of the Articles.

4.11.5. *Voting and quorum*

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

The quorum at Board meetings shall be two Directors (unless fixed at another number by the Board).

4.12. **General meetings**

Annual general meetings shall be convened by not less than 21 clear days' notice in writing. Subject to the Act, all other general meetings shall be called by not less than 14 clear days' notice in writing. The notice shall specify the place, day and time of the meeting, the general nature of the business to be transacted, the address of the website where information relating to the meeting is available, the record date, any procedures as to attendance and voting and an explanation of the right to ask questions and the right to requisition resolutions in accordance with the Act. Notice of every general meeting shall be given to all members other than any who, under the provisions of the Articles or the terms of issue of the Shares they hold, are not entitled to receive such notices from the Company, and also to the Auditors or, if more than one, each of them.

Subject to the Act, and notwithstanding that a meeting of the Company is convened by shorter notice than that specified above, it shall be deemed to have been properly convened if it is so agreed:

- (i) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

The Directors may, from time to time, make such arrangements for the purpose of controlling the level of attendance at any such place as they shall, in their absolute discretion, consider appropriate, and may from time to time vary any such arrangements or make any new arrangements in place of them, provided that the entitlement of a member to attend a meeting or adjourned meeting shall be satisfied by his or her being given the entitlement to attend at such place as may be specified by the Directors for the purpose.

The Board may direct that persons wishing to attend any general meeting should submit to such searches or other security arrangements or restrictions as the Board shall consider appropriate in the circumstances and shall be entitled in its absolute discretion to refuse entry to, or to eject from, such general meeting any person who fails to submit to such searches or otherwise to comply with such security arrangements or restrictions.

5. Directors' and other interests

- 5.1. The aggregate of the remuneration paid and benefits in kind granted to the Directors by the Company for the financial period which ended on 30 April 2016 was £295,000 (being £38,000 to Hamish Buchan (the Chairman), £200,000 to Robin Angus (the Executive Director), £19,000 to Gordon Neilly, £19,000 to Stuart Paul and £19,000 to Frank Rushbrook. It is estimated that the aggregate remuneration to be paid and benefits in kind granted to the Directors by the Company for the current financial period ending 30 April 2017 will not exceed £120,000 in fees and £200,000 in salaries. The total remuneration and benefits in kind granted to the Directors will not be varied as a consequence of the Issues. None of the Directors is eligible for pension, retirement or similar benefits and no amounts have been set aside by the Company or its subsidiary to provide pension, retirement or similar benefits.
- 5.2. Robin Angus (the Executive Director) has a rolling 12 month contract of employment, signed in November 2002. In the event of termination of Mr Angus's contract otherwise than on notice, the Company would incur a liability for 12 months' salary. Any new Directors appointed during the year must stand for re-appointment at the first annual general meeting following their appointment. The Board has established the policy that all executive and non-executive Directors shall submit themselves for re-election at each annual general meeting of the Company. Other than for Robin Angus, the Company has the right to terminate the appointment of each Director without compensation if the relevant Director is required to vacate office in accordance with the Articles and, subject thereto, there are no contractual provisions regarding any compensation which would be payable upon early termination by the Company. The fees which are payable in respect of the financial year ending 30 April 2017 are £38,000 to Hamish Buchan, the Chairman, and £19,000 to each of Gordon Neilly, Stuart Paul, Frank Rushbrook and Jean Sharp (whose fees will be paid pro-rata from the date of her appointment on 21 July 2016). The fees are reviewed annually and may be increased in line with usual market rates. Robin Angus, the Executive Director, is paid a salary of £200,000 per annum under his contract of employment. Mr Angus does not receive a separate Director's fee. Save as set out in this paragraph 5.2, there are no existing or proposed service contracts or letters of engagement between any of the Directors and the Company.
- 5.3. No Director has or has had any direct or indirect interest in any transaction which is or was unusual in its nature or conditions or which is or was significant to the business of the Company and which has been effected by the Company since its date of incorporation.
- 5.4. No loan or guarantee has been granted or provided by the Company for the benefit of any Director.

- 5.5. The Directors do not have any options over Shares. As at the date of this document, the interests of the Directors in the issued share capital of the Company are as follows:

<i>Director</i>	<i>No. of Shares</i>	<i>Percentage of issued share capital</i>
Hamish Buchan	1,120	0.06
Robin Angus	4,493	0.23
Gordon Neilly	1,917	0.10
Stuart Paul	4,591	0.24
Frank Rushbrook	13,360	0.70
Jean Sharp	913	0.05

As at the date of this document, Sebastian Lyon held interests in 10,723 Shares (representing 0.56 per cent. of the issued share capital of the Company).

- 5.6. As at 24 February 2017 (being the latest practicable date prior to the publication of the Prospectus), the Company was not aware of any person who, directly or indirectly, is interested in three per cent. of more of the issued share capital of the Company.

The Directors are not aware of any person or persons who, following the Issues, will or could, directly or indirectly, jointly or severally, exercise control over the Company. There are no different voting rights for any Shareholder.

- 5.7. Details of those companies (other than the Company, its subsidiary and subsidiaries of the companies disclosed below) and partnerships of which the Directors have been a member of the administrative, management or supervisory body or a partner at any time in the five years preceding the date of this document are as follows:

	<i>Current Directorships</i>	<i>Previous Directorships</i>
(i) R J Angus	None	None
(ii) H N Buchan	Templeton Emerging Markets Investment Trust PLC The Scottish Investment Trust PLC	Aberforth Smaller Companies Trust PLC JPMorgan American Investment Trust PLC Standard Life Private Equity Trust PLC UK Community Foundations
(iii) G J Neilly	Eye 2 Detail Limited	Cantor Fitzgerald Europe Intelli Corporate Finance Limited (dissolved) Intelli Partners Limited (dissolved) The Buildstore Share Scheme Trustees Limited (dissolved)

(iv) S W Paul	Brander Investments Limited Didasko Education Company Limited James Paul & Partners Limited Muirfield Riding Therapy	Archangel Investments LLP (dissolved) Archangel Investors Limited
(v) F P Rushbrook	Rushbrook & Company LLP	Nettle Capital Management LLP
(vi) J M Sharp	RAC Pension Trustees Limited	None

5.8. As at the date of this document none of the Directors:

- (a) has any convictions in relation to fraudulent offences for at least the previous five years;
- (b) has been the subject of any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or a partner of the companies and/or partnerships referred to in paragraph 5.7 above, save as disclosed in paragraph 5.9 below; and
- (c) has any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

5.9. Mr Neilly was a director of Intelli Corporate Finance Limited and Intelli Partners Limited. Each of Intelli Corporate Finance Limited and Intelli Partners Limited were dissolved by voluntary strike off on 11 May 2012. Mr Paul was a member of Archangel Investments LLP which was dissolved by voluntary strike off on 21 February 2017.

5.10. There are no potential conflicts of interest between any duties of the Directors to the Company and their private interests and/or other duties. All of the Directors are independent of the Investment Adviser and any other company in the same group of companies as the Investment Adviser.

6. **Subsidiary undertaking**

The Company is the holding company of the PAT Group. The Company has only one subsidiary undertaking, details of which are set out below.

<i>Name and Registered Office</i>	<i>Place of incorporation</i>	<i>Business Activity</i>	<i>Shares Owned</i>	<i>Percentage of Share Capital</i>
PATAC Limited 21 Walker Street, Edinburgh EH3 7HX	Scotland	Company secretarial and administrative services	450,000 ordinary shares of £1	100%

The Company holds the full voting power in the subsidiary undertaking. The subsidiary undertaking provides secretarial and administration services to the Company and other

investment companies.

7. Related party transactions

- 7.1. Save as described in paragraph 7.2 below, the Company was not a party to, nor had any interest in, any related party transaction (as defined in the standards adopted according to the Regulation (EC) No 1606/2002) at any time during the three financial periods ended 30 April 2014, 30 April 2015 and 30 April 2016 in respect of which the Company has published statutory accounts, the six month period to 31 October 2016 in respect of which the Company has published a half-yearly report and accounts or during the period from 1 November 2016 to the date of this document.
- 7.2. The Company pays £30,000 per annum for the rental of the registered office to Rushbrook & Co LLP, of which Frank Rushbrook is a partner. The notice period on the lease is six months.

8. Mandatory bids, squeeze-out and sell-out rules

8.1. Mandatory bids

As a company incorporated in Scotland with shares admitted to trading on the London Stock Exchange, the Company is subject to the provisions of the Takeover Code. Under Rule 9 of the Takeover Code, any person or group of persons acting in concert with each other which, taken together with shares already held by that person or group of persons, acquires 30 per cent. or more of the voting rights of a public company which is subject to the Takeover Code or holds not less than 30 per cent. but not more than 50 per cent. of the voting rights exercisable at a general meeting and acquires additional shares which increase the percentage of their voting rights, would normally be required to make a general offer in cash at the highest price paid within the preceding 12 months for all the remaining equity share capital of the Company.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, a resulting increase in the percentage of voting rights carried by the shareholdings of any person or group of persons acting in concert will be treated as an acquisition for the purposes of Rule 9. A shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9. However, under note 2 to Rule 37, where a shareholder has acquired shares at a time when it had reason to believe that a purchase by the company of its own voting shares might take place, an obligation to make a mandatory bid under Rule 9 may arise in certain circumstances. The buying back by the Company of Ordinary Shares could, therefore, have implications for Shareholders with significant shareholdings.

8.2. Squeeze-out and sell-out rules

Other than as provided by the Act, there are no rules or provisions relating to squeeze-out and sell-out rules in relation to the Ordinary Shares.

9. Material contracts

The following are all of the material contracts, other than contracts entered into in the ordinary course of business, to which any member of the PAT Group has been a party within the two years preceding the date of publication of this document and any other contract, not being a contract entered into in the ordinary course of business, that has been entered into by any member of the PAT Group which contains any provisions under which any member

of the PAT Group has any obligation or entitlement which is material to the Company as at the date of this document:

- 9.1. The Investment Management Agreement pursuant to which the AIFM has agreed, subject to the overall policies, supervision and control of the Directors, to provide portfolio management and risk management of the assets of the Company. The AIFM receives a management fee (exclusive of value added tax which shall be added where applicable) of £60,000 per annum or such other amount as agreed between the parties from time to time,

The Investment Management Agreement continues until terminated at any time by any party giving to the other not less than six months' written notice. The agreement is therefore ongoing at the date of this document. The Investment Management Agreement may also be terminated by any party forthwith and without compensation if: (i) any petition is presented or a resolution passed for the winding up of the other party (other than a winding up for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the relevant party); (ii) a receiver or similar officer is appointed to the property and undertaking of the other party or any other party becomes insolvent, is dissolved or goes into liquidation; or (iii) the other party commits any material breach which remains unremedied or is guilty of fraud, wilful default or negligence.

The Company has agreed to indemnify the AIFM (including its officers, directors, employees and agents) against all costs, claims and demands arising directly out of the proper performance of its duties except where such liabilities result from the breach of duties or obligations, wilful default, fraud or negligence of the Investment Adviser. Such indemnity is in a form which is usual for an agreement of this kind.

- 9.2. The Investment Advisory Agreement pursuant to which the Investment Adviser has agreed, subject to the overall policy and supervision of the Directors and the AIFM, the matters reserved to the Directors and such directions as the Directors may give from time to time to the Investment Adviser or the AIFM, to advise upon and manage investments in accordance with the Company's investment policy. The Investment Adviser receives an advisory fee in accordance with the Investment Advisory Agreement and which is payable quarterly in arrears. The advisory fee is based on the value of Shareholders' funds and is 0.65 per cent. per annum of the first £750 million, 0.55 per cent. per annum between £750 million and £1 billion and 0.5 per cent. per annum in respect of Shareholders' funds in excess of £1 billion.

The Investment Advisory Agreement continues until terminated at any time by any party giving to the others not less than six months' written notice. The agreement is therefore ongoing at the date of this document. If the Company or the AIFM gives less than the prescribed period of notice, then the Investment Adviser is entitled to receive a sum calculated by reference to the unexpired period of such notice. However, the Investment Advisory Agreement may also be terminated by any party forthwith and without compensation if: (i) any petition is presented or a resolution passed for the winding up of any other party (other than a winding up for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the relevant party); (ii) a receiver or similar officer is appointed to the property and undertaking of any other party or any other party becomes insolvent, is dissolved or goes into liquidation; or (iii) any other party commits any material breach which remains unremedied or is guilty of fraud, wilful default or negligence. In addition, the Investment Advisory Agreement may be terminated by the Company or the AIFM forthwith and without compensation if: (i) there is a change of control of the Investment Adviser (other than an acquisition of control by the Investment Adviser's existing management team) or a change in corporate structure which might reasonably be expected to be materially prejudicial to the Company's interests; (ii) Sebastian Lyon ceases to be a full-time executive of the Investment Adviser; or (iii) the Investment Adviser (or any of its key

employees) commits a material breach of the UK regulatory system.

The Company and the AIFM have agreed to indemnify the Investment Adviser against all costs, claims and demands arising directly out of the proper performance of its duties except where such liabilities result from the breach of duties or obligations, wilful default, fraud or negligence of the Investment Adviser. Such indemnity is in a form which is usual for an agreement of this kind.

- 9.3. The Company has in place a depositary agreement with the Depositary (the “**Depositary Agreement**”) under which the Company appoints the Depositary to act as its custodian in relation to the cash and securities of the Company and to provide, *inter alia*, the following services: holding cash and securities and arranging settlement of transactions in relation to those assets; collecting and processing income from the assets; and providing statements of account and other services typical of services provided by a custodian to an investment company. The Depositary is permitted to act through and hold securities with sub-custodians chosen by it (using reasonable care). Under the Depositary Agreement, the Company agrees to indemnify the Depositary, and any sub-custodian, nominees, directors, officers, agents and employees, in respect of all liabilities, losses, claims, costs, damages, penalties, fines, obligations or expenses of any kind imposed on or incurred by or asserted against the indemnified persons or any of them arising as a result of any action or omission taken in accordance with the instructions given by any person authorised by the Company to give such instructions, except where they arise out of the negligence, fraud or wilful default of the indemnified persons. The Depositary is required to use all reasonable care in performing its obligations and is to carry out its duties with the skill and care appropriate to a professional custodian. The Depositary is liable only to the extent that it or any employee, agent or nominee has been negligent, fraudulent or in wilful default in the performance of its or their duties and it is to have no liability for indirect, incidental, consequential or special damages. The Depositary is also liable for direct losses incurred by the Company that result from the failure of a sub-custodian to act with reasonable care in accordance with the standards prevailing in the relevant market, the fraud or wilful default of the sub-custodian in the provision of the custodial services by it and the insolvency of any sub-custodian affiliated with the Depositary. The Depositary Agreement shall continue for an initial term of three years, following the date on which the Depositary commenced providing services under it, and, thereafter, may be terminated by the Depositary on 180 days’ written notice to the Company and by the Company on 60 days’ written notice to the Depositary. Under the Depositary Agreement, the Depositary is entitled to receive the fees agreed with the Company together with reasonable out of pocket or incidental expenses (including legal fees).

10. Investment restrictions

- 10.1. In accordance with the requirements of the UK Listing Authority, the Company:
- 10.1.1. will not invest more than ten per cent. in aggregate of the value of the total assets of the Company in other investment companies or investment trusts which are listed on the Official List (except to the extent that those investment companies or investment trusts have published investment policies to invest no more than 15 per cent. of their gross assets in other investment companies or investment trusts which are listed on the Official List);
 - 10.1.2. will not conduct any trading activity which is significant in the context of the Company as a whole; and

10.1.3. will, at all times, invest and manage its assets:

- (a) in a way which is consistent with its object of spreading investment risk; and
- (b) in accordance with its published investment policy.

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

10.3. In accordance with the requirements of the UK Listing Authority, the Company will not make any material change to its published investment policy without the approval of its Shareholders by ordinary resolution. Such an alteration would be announced by the Company through a Regulatory Information Service.

10.4. In the event of any breach of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company by an announcement issued through a Regulatory Information Service approved by the UK Listing Authority.

11. General

11.1. There are no governmental, legal or arbitration proceedings (and, in so far as the Company is aware, there are no governmental, legal or arbitration proceedings pending or threatened) which may have, or have had in the previous twelve months, significant effects on the Company's and/or the PAT Group's financial position or profitability.

11.2. The Company employs Robin Angus (the Executive Director). PATAC Limited employs each of the other employees who together form the Executive Office. No member of the PAT Group has any other employees. No member of the PAT Group owns any premises.

11.3. Dickson Minto W.S. has given and not withdrawn its written consent to the issue of this document with inclusion therein of its name in the form and context in which they are included.

12. Documents available for inspection

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and 16 Charlotte Square, Edinburgh EH2 4DF until 28 February 2018:

- (i) the articles of association of the Company;
- (ii) the annual reports and accounts of the Company for the three financial years ended 30 April 2014, 30 April 2015 and 30 April 2016;
- (iii) the unaudited interim reports of the Company for the six months ended 31 October 2015 and 31 October 2016; and
- (iv) this document.

13. Availability of the Prospectus

The Prospectus is available for inspection at www.morningstar.co.uk/uk/NSM and, until 28 February 2018, copies are available for collection, free of charge, from the offices of Dickson Minto W.S., Broadgate Tower, 20 Primrose Street, London EC2A 2EW and 16 Charlotte Square, Edinburgh EH2 4DF and from the offices of PATAC Limited, 21 Walker Street, Edinburgh EH3 7HX.

28 February 2017