

This Prospectus is important. If you are in any doubt as to what action you should take you are recommended to seek your own financial advice immediately from your stockbroker, bank, solicitor, accountant or other independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (the "FSMA") if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document comprises a prospectus relating to Fundsmith Emerging Equities Trust plc (the "**Company**") in connection with the issue of Ordinary Shares, prepared in accordance with the Prospectus Rules of the Financial Conduct Authority made pursuant to section 73A of FSMA. This Prospectus has been approved by the Financial Conduct Authority and has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

The Ordinary Shares are only suitable for investors: (i) who understand and are willing to assume the potential risks of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Ordinary Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment. If you are in any doubt about the contents of this Prospectus, you should consult your accountant, legal or professional adviser or financial adviser.

The Company and each of the Directors, whose names appear on page 32 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Prospective investors should read the entire Prospectus and, in particular, the section headed "Risk Factors" beginning on page 17 when considering an investment in the Company.

Fundsmith Emerging Equities Trust plc

(incorporated and registered in England and Wales with number 08756681)

Placing Programme of up to 10,000,000 Ordinary Shares

Sponsor and broker

Investec Bank plc

Applications will be made to the Financial Conduct Authority for the Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective and that dealings in the Ordinary Shares will commence between 31 August 2016 and 30 August 2017, being the date 12 months after the date of this document. The Ordinary Shares will not be dealt in on any other recognised investment exchange and no other such applications have been made or are currently expected.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended, or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States. The Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended. Accordingly, the offer and sale of Ordinary Shares to US persons (as defined in Regulation S under the Securities Act) is subject to further restrictions. The Ordinary Shares have not been, and will not be, registered under the securities laws or with any securities regulatory authority of any province or territory of any member state of the EEA (other than the United Kingdom), Canada, Australia, the Republic of South Africa or Japan. Subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered, sold, taken up or delivered in, into or from any member state of the EEA (other than the United Kingdom), Canada, Australia, the Republic of South Africa or Japan or to or for the account or benefit of any national, resident or citizen or any person resident in any member state of the EEA (other than the United Kingdom), Australia, Canada, the Republic of South Africa or Japan. This Prospectus does not constitute an offer to sell or a solicitation of an offer to purchase or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful or would impose any unfulfilled registration, publication or approval requirements on the Company. The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves of and observe any restrictions.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Investec Bank plc ("**Investec**"), which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for the Company and for no one else in relation to Admission and the Placing Programme and the other arrangements referred to in this Prospectus. Investec will not regard any other person (whether or not a recipient of this Prospectus) as its client in relation to Admission and the Placing Programme and the other arrangements referred to in this Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients or for providing any advice in relation to Admission or the Placing Programme, the contents of this Prospectus or any transaction or arrangement referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on Investec by the FSMA or the regulatory regime established thereunder, Investec does not make any representation express or implied in relation to, nor accepts any responsibility whatsoever for, the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, Admission or the Placing Programme. Investec (and its affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for any statutory liability) whether arising in tort, contract or otherwise which it might have in respect of the contents of the Prospectus or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, Admission or the Placing Programme.

No person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the Placing Programme other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company.

This Prospectus is dated 31 August 2016.

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SUMMARY

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

This summary contains all the Elements required to be included in a summary for this type of security 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 security 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		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
A.1	Warning	This summary should be read as introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the document as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Use of prospectus by financial intermediaries	Not applicable. The Company has not given its consent to the use of this Prospectus for the resale or final placement of the Ordinary Shares by financial intermediaries.

Section B – Issuer		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
B.1	Legal and commercial name	Fundsmith Emerging Equities Trust plc
B.2	Domicile/Legal form/ Legislation/ Country of incorporation	The Company was incorporated and registered in England and Wales on 31 October 2013 with registered number 08756681 as a public company limited by shares with the name FEEIT plc. The Company changed its name to Fundsmith Emerging Equities Trust plc on 30 December 2013. The Company is not authorised or regulated as a collective investment scheme by the Financial Conduct Authority. The Company is subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules. The principal legislation under

		<p>which the Company operates and under which the Ordinary Shares are and will be issued is the Companies Act. The Company does not have any subsidiaries.</p> <p>The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to continue to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.</p>																									
B.5	Group structure	The Company does not have any subsidiaries.																									
B.6	Major shareholders	<p>As at the date of this Prospectus, in so far as it is known to the Company, the following persons held directly or indirectly 3 per cent. or more of the Company's voting rights:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Number of voting rights held</th> <th>% of voting rights held</th> </tr> </thead> <tbody> <tr> <td>Simon Dixon</td> <td>2,000,000</td> <td>9.50</td> </tr> <tr> <td>Duncan Cameron</td> <td>1,000,000</td> <td>4.75</td> </tr> </tbody> </table> <p>All Shareholders have the same voting rights in respect of the share capital of the Company.</p> <p>As at the date of this Prospectus, the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.</p>	Name	Number of voting rights held	% of voting rights held	Simon Dixon	2,000,000	9.50	Duncan Cameron	1,000,000	4.75																
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Simon Dixon	2,000,000	9.50																									
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B.7	Historical financial information	<p>The key figures that summarise the Company's financial condition in respect of the period from the Company's incorporation on 31 October 2013 to 31 December 2014, the six month period ended 30 June 2015, the year ended 31 December 2015 and the six month period ended 30 June 2016, which have been extracted without material adjustment from the financial statements of the Company, are set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th><i>Annual Report for the period from incorporation on 31 October 2013 to 31 December 2014 (Audited)</i></th> <th><i>Interim Report for the period ended 30 June 2015 (Unaudited)</i></th> <th><i>Annual Report for the year ended 31 December 2015 (Audited)</i></th> <th><i>Interim Report for the period ended 30 June 2016 (Unaudited)</i></th> </tr> </thead> <tbody> <tr> <td colspan="5">Net asset value</td> </tr> <tr> <td>Net assets (£'000)</td> <td>192,800</td> <td>187,739</td> <td>179,344</td> <td>213,397</td> </tr> <tr> <td>Net asset value per Ordinary Share (p)</td> <td>997.0</td> <td>970.83</td> <td>927.42</td> <td>1,035.1</td> </tr> <tr> <td colspan="5">Statement of comprehensive income</td> </tr> </tbody> </table>		<i>Annual Report for the period from incorporation on 31 October 2013 to 31 December 2014 (Audited)</i>	<i>Interim Report for the period ended 30 June 2015 (Unaudited)</i>	<i>Annual Report for the year ended 31 December 2015 (Audited)</i>	<i>Interim Report for the period ended 30 June 2016 (Unaudited)</i>	Net asset value					Net assets (£'000)	192,800	187,739	179,344	213,397	Net asset value per Ordinary Share (p)	997.0	970.83	927.42	1,035.1	Statement of comprehensive income				
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		<p>Total revenue (€'000) 1,058 1,321 3,008 1,931</p> <p>Total return per Ordinary Share (p) 1.55 (26.17) (69.58) 105.25</p> <p>There have been no significant changes in the financial condition or operating results of the Company during or subsequent to the periods covered by the historical information set out above and since 30 June 2016 (being the end of the last financial period of the Company for which financial information has been published prior to the publication of this Prospectus).</p>
B.8	Pro forma financial information	Not applicable. No pro forma financial information is included in this Prospectus.
B.9	Profit forecast	Not applicable. There are no profit forecasts or estimates in this Prospectus.
B.10	Qualifications in the audit report	Not applicable. The audit reports on the historical financial information contained within the document are not qualified.
B.11	Working capital insufficiency	Not applicable. The Company is of the opinion that the Company has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.
B.34	Investment policy	<p>The Company's investment policy is to invest in shares issued by companies which have the majority of their operations in, or revenue derived from, Developing Economies and which provide direct exposure to the rise of the consumer classes in those countries. The Company has, as at 29 August 2016, being the latest practicable date prior to the publication of this Prospectus, an investment portfolio which consists of 48 stocks. It is anticipated that the Company's portfolio will typically comprise 35 to 55 stocks.</p> <p>The Company maintains a portfolio diversified by issuer concentration.</p> <p>The Company complies with the following restrictions at the time each investment is made:</p> <ul style="list-style-type: none"> (i) not more than 5 per cent. of Gross Assets can be invested in shares issued by any single company. This limit rises to 10 per cent. in respect of up to 40 per cent. of Gross Assets; (ii) not more than 40 per cent. of Gross Assets can be invested in shares issued by companies domiciled in any single jurisdiction; (iii) not more than 20 per cent. of Gross Assets can be in deposits held with a single bank or financial institution. In applying this limit all uninvested cash (except cash representing distributable income or credited to a distribution account that the Depository holds) should be included;

		<p>(iv) not more than 20 per cent. of Gross Assets can consist of shares and approved money market instruments issued by the same group. When applying the limits set out in (i) this provision would allow the Company to invest not more than 5 per cent. in the shares of each of four group member companies, or 10 per cent. in two of them (if applying the 40 per cent. limit);</p> <p>(v) the Company's holdings in any combination of shares or deposits issued by a single company or fund must not exceed 20 per cent. of Gross Assets overall;</p> <p>(vi) the Company must not acquire shares issued by a company and carrying rights to vote at a general meeting of that company if the Company has the power to influence significantly the conduct of business of that company (or would be able to do so after the acquisition of the shares). The Company is to be taken to have power to influence significantly if it exercises or controls the exercise of 20 per cent. or more of the voting rights in that company; and</p> <p>(vii) the Company must not acquire shares which do not carry a right to vote on any matter at a general meeting of the company that issued them and represent more than 10 per cent. of these securities issued by that company.</p> <p>Uninvested cash or surplus capital or assets may be invested on a temporary basis in:</p> <ul style="list-style-type: none"> • cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a single-A (or equivalent) or higher credit rating as determined by an internationally recognised rating agency; or • any "government and public securities" as defined for the purposes of the FCA rules. <p>In general, the Company does not use portfolio management techniques such as interest rate hedging and credit default swaps. However, the Company may use currency hedging, through derivatives if necessary, as a portfolio management technique. Whilst the Company, generally, will not hedge its currency exposure, it does reserve the right to do so in the circumstances where, in the opinion of the Investment Manager, a significant depreciation of a currency has become likely but the Investment Manager wishes to continue owning the companies in the portfolio denominated in that currency and where the cost of hedging that currency is unlikely, in the opinion of the Investment Manager, to extinguish any gains from hedging.</p>
B.35	Borrowing limits	<p>The Company has the power to borrow using short-term banking facilities to raise funds for short-term liquidity purposes or for discount management purposes including the purchase of its own shares, provided that the maximum gearing represented by such borrowings shall be limited to 15 per cent. of the Net Asset Value at the time of draw down of such borrowings or the entering into of such arrangements.</p>

B.36	Regulatory status	Not applicable. The Company is not regulated by the FCA or any other regulatory authority. However, it is subject to the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.
B.37	Typical investor	Typical investors in the Company are institutional and sophisticated investors and private clients.
B.38	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable – no single asset constitutes 20 per cent. or more of Gross Assets.
B.39	Investment of 40 per cent. or more in single underlying asset or investment company	Not applicable – no single asset constitutes 40 per cent. or more of Gross Assets.
B.40	Service providers	<p>Investment Manager</p> <p>The Company has entered into the Investment Management Agreement with the Investment Manager, pursuant to which the Investment Manager manages the Company's investments and assets in accordance with the investment policy. The Investment Manager is entitled to an annual fee which accrues daily and is 1.25 per cent. of NAV per annum. The fee is payable quarterly in arrear in cash, and is calculated on the NAV reported as at the end of the relevant quarter.</p> <p>Company Secretary</p> <p>Frostrow Capital LLP provides company secretarial services to the Company pursuant to the Company Secretarial Agreement. The Company Secretary is responsible for production of the Company's accounts, regulatory compliance and providing support to the Board's corporate governance process and its continuing obligations under the Listing Rules and the Disclosure and Transparency Rules. In addition, the Company Secretary is responsible for liaising with the Company, the Investment Manager, the Registrar and the Administrator in relation to the payment of any dividends, as well as general secretarial functions required by the Companies Act (including but not limited to the maintenance of the Company's statutory books). Under the terms of the Company Secretarial Agreement, the Company Secretary is entitled to an annual fee of £85,000 per annum (plus VAT) in respect of the company secretarial services it provides. The Company Secretary is, in addition, entitled to recover reasonable third party expenses and disbursements.</p> <p>Administrator</p> <p>State Street Bank and Trust Company has been appointed as Administrator to the Company pursuant to the Accounting and</p>

		<p>Administration Services Agreement. Under the terms of the Accounting and Administration Services Agreement, the Investment Manager has delegated the performance of certain valuations services it provides pursuant to the terms of the Investment Management Agreement to the Administrator.</p> <p>The Administrator is responsible for the maintenance of the books and financial accounts of the Company and the calculation, in conjunction with the Investment Manager, of the Net Asset Value of the Company and the Ordinary Shares. Under the terms of the Accounting and Administration Services Agreement, the Administrator is entitled to an annual fee in respect of the valuation and accounting services it provides calculated by reference to the Company's NAV as follows: an amount equal to the aggregate of (i) four basis points of the NAV of the Company up to £100 million; (ii) three basis points of the NAV of the Company between £100 million and £400 million; and (iii) two basis points of the NAV of the Company in excess of £400 million. In addition, a further fee of £1,500 per annum is payable in respect of the tax reporting services provided by the Administrator and a minimum fee of £25,000 per annum has been payable by the Company to the Administrator since the end of the Company's first financial period. The Administrator is, in addition, entitled to recover third party expenses and disbursements.</p> <p>Depository</p> <p>State Street Trustees Limited has been appointed as the Company's Depository pursuant to the Depository Agreement. The Depository has delegated its obligations in respect of the safe keeping of the Company's investments to State Street Bank and Trust Company which in turn has appointed sub-custodians in jurisdictions where the Company may make investments. The Depository is entitled to an annual fee from the Company calculated by reference to the services performed (in respect of custody services) as well as a fee equal to two basis points of the gross asset value of the Company (in respect of depository services). A minimum fee of £25,000 per annum in respect of custody services and £10,000 in respect of depository services is payable by the Company to the Depository, which is, in addition, entitled to recover reasonable third party expenses and disbursements.</p>
B.41	Regulatory status of investment manager and custodian	<p>The Investment Manager is authorised and regulated by the FCA.</p> <p>The Depository is authorised by the PRA and is subject to regulation by the FCA and to limited regulation by the PRA.</p>
B.42	Calculation of Net Asset Value	<p>The Administrator, in conjunction with the Investment Manager, calculates the Net Asset Value and the Net Asset Value per Ordinary Share as at the end of each Business Day and reports such calculation to the Board and the Investment Manager.</p> <p>The Net Asset Value of the Company is calculated on the basis of the bid prices of the Company's underlying investments or a lower figure if, in the reasonable opinion of the Investment Manager, the underlying investment is worth less than the bid price. If an underlying investment held by the Company is suspended, the last available bid price of that investment will be used to calculate the Net Asset Value unless the</p>

		<p>Investment Manager believes another value is a better representation of the fair value of the investment.</p> <p>These calculations are reported daily to Shareholders through a RIS announcement. The Company may delay public disclosure of the Net Asset Value to avoid prejudice to its legitimate interests, provided that such delay would not be likely to mislead the public and the Company has put in place appropriate measures to ensure confidentiality of that information.</p>
B.43	Cross liability	Not applicable – the Company is not an umbrella collective investment undertaking and as such there is no cross liability between classes or investment in another collective investment undertaking.
B.44	No financial statements have been made up	Historical financial information in relation to the Company is set out in its audited and unaudited financial statements in respect of the period from the Company's incorporation on 31 October 2013 to 31 December 2014, the six month period ended 30 June 2015, the year ended 31 December 2015 and the six month period ended 30 June 2016, which are incorporated by reference in this Prospectus and available for inspection at www.feetplc.co.uk .
B.45	Portfolio	As at 29 August 2016, being the latest practicable date prior to the publication of this Prospectus, the Company's portfolio comprised 48 investments, representing 98.77 per cent of Net Asset Value, with a further 1.23 per cent held in cash (including money market accounts).
B.46	Net Asset Value	As at 29 August 2016 (being the latest practicable date prior to the publication of this Prospectus), the Net Asset Value per Ordinary Share was 1,088.25p.

Section C – Securities		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
C.1	Type and class of securities being offered	<p>The Company proposes to issue up to 10,000,000 Ordinary Shares in connection with the Placing Programme.</p> <p>The ISIN for the Ordinary Shares is GB00BLSNND18 and the SEDOL is BLSNND1.</p>
C.2	Currency of the securities issue	The Ordinary Shares are denominated in Sterling.
C.3	Number of Ordinary Shares issued	As at 30 August 2016 (being the latest practicable date prior to the publication of this Prospectus), the Company had 21,045,806 fully paid Ordinary Shares in issue.

C.4	Description of the rights attaching to the securities	<p>The Ordinary Shares carry the right to receive all dividends declared by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company.</p> <p>Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.</p>
C.5	Restrictions on the free transferability of the securities	<p>The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of shares, all or any of which are not fully paid.</p> <p>The Board may also refuse to register a transfer unless:</p> <ol style="list-style-type: none"> 1 in the case of a share represented by a certificate, the duly stamped instrument of transfer (if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require; 2 in the case of a share represented by a certificate, the instrument of transfer is in respect of only one class of share; and 3 in the case of a transfer to joint holders of a share represented by a certificate, the transfer is in favour of not more than four such transferees. <p>In the case of shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.</p> <p>The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares unless the shareholder has not, and proves that no other person has, failed to supply the required information.</p>
C.6	Admission	<p>Applications will be made for the Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that such admissions will become effective and that dealings in the Ordinary Shares will commence between 31 August 2016 and 30 August 2017, being the date 12 months after the date of this Prospectus.</p>
C.7	Dividend policy	<p>The Company's intention is to provide capital growth and not to provide any particular level of dividend. Historically, the Company has allocated all of its expenses against its income which has resulted in having no distributable income required to be returned to Shareholders by way of dividends. The Company expects that, in future, more expenses will be required to be allocated against capital, which will increase the likelihood of a dividend being declared.</p>

		The Company will comply with the investment trust rules regarding distributable income but does not expect significant income from the shares in which it invests. Any dividends and distributions will be at the discretion of the Board.
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Section D – Risks		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
D.1	Key information on the key risks that are specific to the issuer or its industry	<p>The key risk factors relating to the Company, its investment policy and its investment portfolio are:</p> <ul style="list-style-type: none"> • the value of the equities in which the Company principally invests may fluctuate and there is no guarantee that the amounts invested by the Company will be returned in whole or in part.; • Developing Economy stock markets are inherently more volatile than developed market stock markets and may periodically experience increased short-term volatility and an investment in the Company should be regarded as long-term in nature; • investing in equity securities of companies with substantial assets in, or revenues derived from, Developing Economies involves considerations and risks which are not normally associated with more developed markets or economies. A general economic downturn or the materialisation of these risks could have a materially adverse effect on the Company's financial results; • investment trusts investing in Developing Economies, including the Company, can generally be expected to display greater share price and net asset value volatility than those investing in developed markets; • the Company will have exposure to foreign exchange risk which may be favourable or unfavourable. This foreign exchange risk may result in the increased volatility of the NAV per Ordinary Share; • investment in Developing Economies has dangers which might loosely be labelled as problems of corporate governance. Any such corporate governance issues may adversely affect the value and prospects of the Company's investments; • the Company is not constrained from weighting to any sector and significant exposure to portfolio companies from certain business sectors from time to time. Greater concentration of investments in any one sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to its shareholders; • the Company relies on key individuals at the Investment Manager to identify and select investment opportunities and to manage the day-to-day affairs of the Company. The death or departure

		<p>of any of these from the Investment Manager without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations. In particular, the death or incapacity of Terry Smith is likely to give rise to a significant public perception risk regarding the potential performance of the Company and such a perception could lead to volatile trading and a fall in the Company's share price;</p> <ul style="list-style-type: none"> • the ability of the Company to achieve its investment objective depends heavily on the experience of the Investment Manager's team, and more generally on the ability of the Investment Manager to attract and retain suitable staff; • the Company is dependent upon the Investment Manager's successful implementation of the Company's investment policy and investment strategies, and ultimately on its ability to select an investment portfolio capable of generating attractive returns; • the Company has limited operating or financial data on which potential investors may base an evaluation. Any investment in the Ordinary Shares is therefore subject to all of the risks and uncertainties associated with any relatively new business, including the risk that the business will not achieve its investment objective and that the value of any investment made by the Company could substantially decline; • the past performance of the Investment Manager is not indicative of the future performance and prospects of the Company; and • prior to investing in a company, the Company performs due diligence on the proposed investment and may rely in part on information from third parties as a part of this due diligence. To the extent that the Company or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, this may impact on the profitability or valuation of the investment.
D.3	Key information on the key risks specific to the securities	<p>The key risk factors relating to the Ordinary Shares are:</p> <ul style="list-style-type: none"> • the market price of the Ordinary Shares may fluctuate widely in response to different factors and there can be no assurance that the Ordinary Shares of the Company will be repurchased by the Company even if they trade materially below their Net Asset Value for a short time; • the Company does not have a fixed winding up date and therefore, unless the Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market. It is possible that there may not be a liquid secondary market for the Ordinary Shares. There is no guarantee that an active trading market in the Company's Ordinary Shares will be sustained. If an active trading market is not maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected. Even if an active trading market continues, the market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company; and

		<ul style="list-style-type: none"> the Company may use gearing in certain circumstances. Where an investment trust is geared, its net asset value and price performance would be expected to represent an amplification of any upward or downward movement in the investment trust's portfolio as a result of price changes of the investments contained therein. In the event that interest rates rise and the interest required to be paid by the Company increases, returns to investors will be reduced.
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Section E – Offer		
<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
E1	Net proceeds and costs	The net proceeds of the Placing Programme are dependent, among other things, on: (i) the Directors determining to proceed with an issue of Ordinary Shares under the Placing Programme; (ii) the level of subscriptions received; and (iii) the price at which any Ordinary Shares are issued under the Placing Programme. It is expected that the costs of issuing Ordinary Shares under the Placing Programme will be covered by issuing such shares at a premium such that the issue would be accretive to Net Asset Value per Ordinary Share.
E2.a	Reason for the issue, use of proceeds and estimated net amount of proceeds	<p>The Directors believe that the Placing Programme offers the following principal benefits:</p> <ul style="list-style-type: none"> additional monies can be raised in a timely manner to enable the Company to take advantage of opportunities to make further investments in accordance with the Company's investment policy; liquidity in the market for the Ordinary Shares should be improved, making the Ordinary Shares more attractive to a wider range of investors; the Company's ability to issue new Ordinary Shares tactically will be improved, so as to manage better the premium to Net Asset Value per Share at which the Ordinary Shares may trade; and the Company can grow, thereby spreading fixed costs over a larger capital base which should reduce the level of ongoing charges per Ordinary Share. <p>The net proceeds of the Placing Programme, after providing for the costs of each issue, will be used to purchase investments sourced by the Investment Manager in line with the Company's investment policy.</p>
E.3	Terms and conditions of the Placing Programme	<p>Investec has agreed to use its reasonable endeavours to procure Placees to subscribe for the Ordinary Shares on the terms and subject to the conditions set out in the Placing Agreement.</p> <p>The Company is proposing to issue up to 10,000,000 Ordinary Shares pursuant to the Placing Programme.</p>

		<p>Each issue of Ordinary Shares pursuant to the Placing Programme is conditional, <i>inter alia</i>, on:</p> <ul style="list-style-type: none"> (i) the applicable Placing Programme Price being determined by the Directors; (ii) Admission occurring in respect of the relevant issue of Ordinary Shares under the Placing Programme; and (iii) to the extent required under the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company. <p>If any of these conditions are not met in respect of any Placing, the relevant issue of Ordinary Shares will not proceed.</p> <p>The Placing Programme is not being underwritten.</p>
E.4	Material interests	Not applicable. There are no interests that are material to the Placing Programme and no conflicting interests.
E.5	Name of person selling securities	Not applicable. No person is offering to sell Ordinary Shares as part of the Placing Programme.
E.6	Dilution	<p>The Ordinary Shares will be issued on a non-pre-emptive basis so existing Shareholders will experience dilution in their ownership and voting interests pursuant to the Placing Programme.</p> <p>On the assumption that 10,000,000 Ordinary Shares (being the maximum number of Ordinary Shares available under the Placing Programme) are issued pursuant to the Placing Programme, an existing Shareholder will suffer dilution of approximately 32 per cent. to his shareholding in the Company as a result.</p> <p>Ordinary Shares will only be issued pursuant to the Placing Programme at a price which is greater than the Net Asset Value per existing Ordinary Share at the time of their issue and where the resulting issue would not result in the Company having more than 10 per cent. of its assets in cash. With these two controls in place, the Board believes that the interests of the existing Shareholders are adequately protected.</p>
E.7	Expenses charged to the investor	<p>The costs and expenses of the Placing Programme will depend on subscriptions received.</p> <p>The price at which the Ordinary Shares will be issued pursuant to the Placing Programme will be calculated to include a premium which will cover the commissions and expenses of the issue of Ordinary Shares under the Placing Programme. By way of illustration, based on the latest published NAV per Ordinary Share of 1,088.25p and an approximately 1.5 per cent. premium to NAV, the Placing Programme Price would be expected to be approximately 1,104.57p. The expenses indirectly borne by the investor within this illustrative issue premium are estimated at approximately 2.8p per Ordinary Share (on the assumption</p>

		the full 10,000,000 Ordinary Shares are issued pursuant to the Placing Programme).
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RISK FACTORS

Investment in the Ordinary Shares carries a high degree of risk, including the risks in relation to the Company and the Ordinary Shares referred to below, which could materially and adversely affect the Company's business, financial condition and results. An investment in the Ordinary Shares should not be regarded as short-term in nature. Potential investors should review this Prospectus carefully and in its entirety and consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Ordinary Shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss which may result.

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

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the Company that are not currently known to the Company, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Company's business, prospect and financial position and, if any such risk should occur, the price of Ordinary Shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in Ordinary Shares is suitable for them in the light of the information in this Prospectus and their personal circumstances.

Risk relating to the Developing Economies sector

Investments in Developing Economies equities may be riskier than investments in more developed markets

The value of the equities in which the Company principally invests may fluctuate and there is no guarantee that the amounts invested by the Company will be returned in whole or in part. Developing Economy stock markets are inherently more volatile than developed market stock markets and may periodically experience increased short-term volatility and an investment in the Company should be regarded as long-term in nature. Companies in Developing Economies (and other markets) that offer a high dividend yield may be liable to diminish in capital value over time.

Investing in equity securities of companies with substantial assets in, or revenues derived from, Developing Economies involves considerations and risks which are not normally associated with more developed markets or economies. These may include:

- differences in auditing and financial reporting standards or the application thereof which may result in the unavailability or unreliability of material information about economies and companies;
- less stringent laws and practices in relation to the fiduciary duties of officers and directors and protection of investors;
- poor systems for the registration and custody of securities;
- a higher risk of dishonesty in commercial dealings;
- difficulty of bringing legal proceedings to enforce contractual rights;
- difficulty of enforcing judgments;
- the risk of nationalisation or expropriation of assets or confiscatory taxation;

- social, economic or political uncertainty (including war);
- dependence on exports and the corresponding importance of international trade and commodities prices;
- currency exchange rate fluctuations which affect both the Sterling value of share prices and the competitiveness and profitability of issuers;
- limitations on foreign investors or repatriation of invested capital and foreign exchange controls;
- potentially higher rates of inflation (including hyperinflation);
- a potential risk of substantial deflation;
- a higher degree of governmental involvement in and control over economies;
- arbitrary government decisions resulting, *inter alia*, from a lower level of democratic accountability than is typical of developed nations;
- poor oversight of securities markets;
- poor liquidity in securities markets, including the potential suspension of securities markets, which could render it difficult or impossible for the Company to liquidate investments and therefore expose the Company to losses; and
- longer settlement periods for securities transactions.

A general economic downturn or the materialisation of one or a combination of the above risks could have a materially adverse effect on the Company's financial results. The risks associated with Developing Economies can generally be expected to result in increased volatility in the share prices of companies in Developing Economies and portfolios which invest in them when compared to companies and portfolios in developed markets. Investment trusts investing in Developing Economies, including the Company, can generally be expected to display greater share price and net asset value volatility than those investing in developed markets.

The laws and regulations of many Developing Economies are not well established or are at an early stage of development. These laws and regulations, and the applicable legal framework, may be vague, contradictory, not comprehensive and subject to varying interpretation. Accordingly there can be no assurance that the Group will be able to achieve effective enforcement of its rights by way of legal proceedings.

The Company is exposed to foreign exchange risks through its investment in Developing Economies

The shares of companies in Developing Economies are typically denominated in currencies other than Sterling and their operations are conducted in currencies other than Sterling. The Company therefore has and may continue to have an exposure to foreign exchange risk as a result of changes in exchange rates between those currencies and Sterling, which may be favourable or unfavourable. This foreign exchange risk may result in the increased volatility of the NAV per Ordinary Share. The Company considers hedging currencies where appropriate in order to mitigate foreign exchange risk.

The Company may face competition from domestic investors, other foreign investment funds and strategic investors

The Company's ability to continue to implement its strategy and achieve its desired returns will depend largely on its ability to continue to identify and invest in suitable assets at satisfactory prices and on satisfactory terms. A growing number of funds of all descriptions are seeking investment opportunities with a focus on Developing Economies. The Company may face significant competition from domestic investors, other foreign investment funds and strategic investors. Many competitors have greater financial resources than the Company and a greater ability to borrow funds to acquire assets. Competition for

attractive investment opportunities may lead to higher asset prices which may affect the Company's ability to invest on terms which the Investment Manager considers attractive. Such conditions may have a material adverse impact on the Company's ability to secure attractive investment opportunities and consequently may have an adverse effect on the Net Asset Value and the market price of the Ordinary Shares.

The corporate governance of companies in Developing Economies may not meet the standards of more established markets

Investment in Developing Economies has dangers which might loosely be labelled as problems of corporate governance. Corruption remains a significant issue in some Developing Economies. Its effects seriously constrain the development of local economies, can erode stability and trust and have large macro economic and social costs. There remains, across some Developing Economies, insufficient effective anti-corruption legislation and insufficient co-ordination of anti-corruption initiatives. The Investment Manager fully assesses these risks and choose investments very carefully, knowing that, as a minority shareholder, it is unlikely to be able to change the corporate governance landscape. Notwithstanding this, any corporate governance issues may adversely affect the value and prospects of the Company's investments.

The value of the Company's investments in or relating to Developing Economies may be affected by political and country risks

The value of the Company's investments in or relating to Developing Economies may be affected by changes in foreign exchange rates and controls, interest rates or government policy, as well as social and civil unrest and other political, economic and other developments in or affecting Developing Economies. Future political and economic conditions in a particular Developing Economy may result in its government adopting different policies with respect to foreign investment. Any such changes in policy may affect ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, with potentially adverse effects on the Company's investments. Future actions of the governments in Developing Economies could have a significant effect on the local economies, which could adversely affect private sector companies, market conditions and prices and yields of the Company's investments. The Company does not intend to obtain political risk insurance. In recent years Developing Economies have witnessed various terrorist attacks, civil unrest and other acts of violence or war, and it is possible that in the future such events as well as other adverse social, economic or political events in Developing Economies may adversely affect the value and prospects of the Company's investments.

Accounting and financial reporting standards in Developing Economies are generally less stringent than those applicable in the United Kingdom

Accounting, auditing and financial reporting standards, practices and disclosure requirements imposed on companies incorporated in Developing Economies are generally less stringent than those applicable in the United Kingdom. This may make it more difficult to obtain accurate information and carry out effective due diligence in respect of potential investments. In addition, there is generally less government supervision and regulation of stock exchanges, brokers and listed companies, which may lead to an increased risk of irregularities. Any such issues could ultimately affect the value and prospects of the Company's investments.

Securities' exchanges in Developing Economies can be less developed

The securities' exchanges in Developing Economies can be less developed than stock markets in the developed world. Trading volumes can be substantially lower so that accumulation and disposal of holdings may be time consuming and may need to be conducted at unfavourable prices. Prices may also be more volatile. Any significant extension of settlement periods in a sector of the Developing Economies' financial markets as a result of unforeseen circumstances may lead to delays in the receipt of proceeds from the sale of securities. It is possible that the Company could miss investment opportunities as a result of an inability of the Company to make intended securities purchases due to settlement problems. Securities' exchanges typically have the right to suspend or limit trading in any instrument traded on that exchange. Any suspension of any security held by the Company could make it impossible for the Company to liquidate positions and thereby expose the Company to losses. The value of the Company's investments may be affected generally by factors affecting securities' exchanges in Developing Economies, such as price and volume volatility in the capital markets, interest rates, changes in policies of the governments in Developing

Economies, taxation laws or policies and other political and economic developments, including closure of stock exchanges, which may have an adverse bearing on individual securities, a specific sector, or all sectors including equity and debt markets.

Market transparency in some Developing Economies lags behind European and US standards with some Developing Economies still being very opaque

The level of information generally available in Developing Economies can be far behind European and US standards. Whilst the Board and the Investment Manager believe that Developing Economies possess great investment potential, they are also aware that they harbour greater risk due to a lack of transparency. Such a lack of transparency may impact the Investment Manager's ability to make investment decisions (whether further investment or divesting of an existing investment) as efficiently as it would expect to be able to do so in connection with European and US investments and any such delays may have a negative impact on the NAV of the Company and/or returns to investors.

Risks relating to the Company's business

The Company has a limited operating history

The Company was incorporated on 31 October 2013 and therefore has limited operating or financial data on which potential investors may base an evaluation. Any investment in the Ordinary Shares is therefore subject to all of the risks and uncertainties associated with any relatively new business, including the risk that the business will not achieve its investment objective and that the value of any investment made by the Company could substantially decline. The past performance of the Investment Manager is not indicative of the future performance and prospects of the Company.

The Company is reliant on the performance and retention of key personnel

The Company relies on key individuals at the Investment Manager to identify and select investment opportunities and to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these key individuals at the Investment Manager. The death or departure of any of these from the Investment Manager without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations. In particular, the death or incapacity of Terry Smith is likely to give rise to a significant public perception risk regarding the potential performance of the Company and such a perception could lead to volatile trading and a fall in the Company's share price. Accordingly, the ability of the Company to achieve its investment objective depends heavily on the experience of the Investment Manager's team, and more generally on the ability of the Investment Manager to attract and retain suitable staff. The Board has broad discretion to monitor the performance of the Investment Manager or to appoint a replacement but the performance of the Investment Manager or that of any replacement cannot be guaranteed.

There can be no assurance that the Investment Manager will be successful in implementing the Company's investment objective

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

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

The past performance of the Company and of other funds managed by the Investment Manager and its key individuals is not indicative, or intended to be indicative, of future performance or results of the Company for several reasons. For example:

- the Fundsmith Equity Fund was established over four years ago, while the Company was only formed in October 2013;

- the Fundsmith Equity Fund is a global fund, whereas the Company is a Developing Economies fund;
- the structure, term, strategy and investment objective and policy of the Company, on the one hand, and the other fund with which the Investment Manager or its key individuals were associated, on the other hand, may affect their respective returns;
- conditions in the markets prevailing when the Investment Manager or its key individuals managed such other fund may be different from those conditions that are relevant to the Company; and
- the future performance and results of the Company are subject to fluctuating market conditions, changes in macro-economic factors and the availability of financing.

Accordingly, the Company is not directly comparable to such other funds and their risk profile is markedly different.

Market conditions may delay or prevent the Company from making appropriate investments that generate attractive returns

Market conditions may have a negative impact on the Company's ability to identify and execute investments in suitable assets that might generate acceptable returns. Market conditions may also restrict the supply of suitable assets that may generate acceptable returns. Adverse market conditions and their consequences may have a material adverse effect on the Company's business, results of operations and cash flows. To the extent that there is a delay in making investments, the Company's returns will be reduced .

The Company is not constrained to investing in diversified sectors

The Company is not constrained from weighting to any sector. This may lead to the Company having significant exposure to portfolio companies from certain business sectors from time to time. Greater concentration of investments in any one sector may result in greater volatility in the value of the Company's investments and consequently its NAV and may materially and adversely affect the performance of the Company and returns to its shareholders.

The Company's due diligence may not identify all risks and liabilities in respect of an investment

Prior to investing in a company, the Company will perform due diligence on the proposed investment. In doing so, it would typically rely in part on information from third parties as a part of this due diligence. To the extent that the Company or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, this may impact on the profitability or valuation of the investment. For example, the Company may acquire an investment with unknown or undiscovered liabilities or investments may be acquired that are not consistent with the Company's strategy and which fail to perform in accordance with projections.

Interest rates may fluctuate

Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on the Company's variable rate cash borrowings. In the event that interest rate movements lower the level of income receivable on cash deposits or raise the interest required to be paid by the Company, returns to investors will be reduced.

Risks relating to conflicts of interest

The services of the Investment Manager, its respective associates and their respective officers and employees, are not exclusive to the Company. Although the Investment Manager has in place a conflicts of interest policy, in fulfilling its responsibilities to the Company, it may be subject to certain conflicts of interest arising from its relations with third parties to whom it also owes duties or in whom it has an interest.

Risks relating to the Ordinary Shares

The market price of the Ordinary Shares may fluctuate widely in response to different factors and there can be no assurance that the Ordinary Shares of the Company will be repurchased by the Company even if they trade materially below their Net Asset Value for a short time

The market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company and may be subject to wide fluctuations in response to many factors, including, amongst other things, additional issuances or future sales of the Company's shares or other securities exchangeable for, or convertible into, its shares in the future, the addition or departure of Board members or key individuals at the Investment Manager, divergence in financial results from stock market expectations, changes in stock market analyst recommendations regarding the Developing Economies or investment trust sectors as a whole, the Company or any of its assets, a perception that other market sectors may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes affecting investment trusts or investments in Developing Economies and other events and factors within or outside the Company's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for the Ordinary Shares. The market value of the Ordinary Shares may vary considerably from the Company's underlying Net Asset Value. There can be no assurance, express or implied, that Shareholders will receive back the amount of their investment in the Ordinary Shares.

The Company has Shareholder approval to make market purchases of up to a maximum aggregate number of 2,898,754 Ordinary Shares, representing approximately 14.99 per cent. of the issued share capital of the Company as at 18 March 2016 (and the Directors intend to seek annual (or, if required, more frequent) renewal of this authority from Shareholders) and subject to the requirements of the Listing Rules, the Companies Act, the Articles and other applicable legislation, the Company may thus purchase Ordinary Shares in the market with the intention of, amongst other things, enhancing the Net Asset Value per Ordinary Share. The decision and timing of any such purchase of Ordinary Shares is at the absolute discretion of the Directors and there can be no assurance that any other purchases will take place or that any purchases will have the effect of narrowing any discount to Net Asset Value at which the Ordinary Shares may trade.

Further, the Directors may, but are not required by the Company's constitutional documents to, call a continuation vote in the event that, after the end of the fourth financial year of the Company's existence (being 31 December 2018), the Ordinary Shares have traded at an average discount in excess of 10 per cent. of the Net Asset Value per Ordinary Share in a relevant year. As such, there can be no assurance that a continuation vote will be held in circumstances where the Ordinary Shares have traded at such an average discount following the end of the fourth financial year of the Company.

The market for the Ordinary Shares may cease to be liquid

The Company does not have a fixed winding up date and therefore, unless the Shareholders vote to wind up the Company, Shareholders will only be able to realise their investment through the market. Although the Ordinary Shares are listed on the Official List and traded on the Main Market, it is possible that there may not be a liquid secondary market for the existing and new Ordinary Shares. Over the last twelve months prior to the date of this Prospectus, the average daily trading volume for the Company has been 23,255 Ordinary Shares, representing 0.12 per cent. of the average number of Ordinary Shares in issue, as compared to a sector average of 0.07 per cent. Whilst the Company's daily liquidity may be greater than the sector average, it does indicate that liquidity in the Ordinary Shares historically has been limited. There is no guarantee that an active trading market in the Company's Ordinary Shares will be sustained. If an active trading market is not maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected. Even if an active trading market continues, the market price of the Ordinary Shares may not reflect the value of the underlying investments of the Company.

The Ordinary Shares issued pursuant to the Placing Programme will dilute existing Shareholders' equity

The Ordinary Shares will be issued on a non-pre-emptive basis so existing Shareholders will experience dilution in their ownership and voting interests pursuant to the Placing Programme. By way of example,

on the assumption that 10,000,000 Ordinary Shares are issued pursuant to the Placing Programme, an existing Shareholder who does not subscribe for any Ordinary Shares will suffer dilution of approximately 32 per cent. to his shareholding in the Company as a result of the Placing Programme. Ordinary Shares will, however, only be issued pursuant to the Placing Programme at a price which is greater than the Net Asset Value per existing Ordinary Share at the time of their issue and where the resulting issue would not result in the Company having more than 10 per cent. of its assets in cash. With these two controls in place, the Board believes that the interests of the existing Shareholders are adequately protected despite dilution.

The Company may in the future issue new Ordinary Shares or C Shares, which may dilute Shareholders' equity

Further issues of Ordinary Shares or C Shares may, subject to compliance with the relevant provisions of the Companies Act and the Articles, be made on a non-pre-emptive basis. Existing holders of Ordinary Shares may, depending on the level of their participation in the relevant share issue, have the percentage of voting rights they hold in the Company diluted.

Sales of Ordinary Shares by members of the Board or the possibility of such sales, may affect the market price of the Ordinary Shares

Sales of Ordinary Shares or interests in Ordinary Shares by the Board could cause the market price of the Ordinary Shares to decline. Whilst the Directors have discretion to sell their Ordinary Shares in the market, a substantial amount of Ordinary Shares being sold, or the perception that sales of this type could occur, could cause the market price of the Ordinary Shares to decline. This may make it more difficult for Shareholders to sell the Ordinary Shares at a time and price that they deem appropriate.

The Company has not paid and does not currently anticipate paying any dividends or distributions. The Company's ability to pay dividends will depend upon its ability to generate sufficient earnings and certain legal and regulatory restrictions

Historically, the Company has allocated all of its expenses against its income which has resulted in having no distributable income required to be returned to Shareholders by way of dividends. The Company expects that, in future, more expenses will be required to be allocated against capital, which will increase the likelihood of a dividend being declared. Subject to the requirement to make distributions in order to maintain investment trust status, any dividends and other distributions paid by the Company will be made at the discretion of the Board. The payment of any such dividends or other distributions will in general depend on the Company's ability to generate realised profits, which, in turn, will depend on the Company's ability to acquire investments which pay dividends, its financial condition, its current and anticipated cash needs, its costs and net proceeds on sale of its investments, legal and regulatory restrictions and such other factors as the Board may deem relevant from time to time. As such, investors should have no expectation as to the amount of dividends or distributions that will be paid by the Company or that dividends or distributions will be paid at all.

The Company may use gearing in certain circumstances

Where an investment trust is geared, its net asset value and price performance would be expected to represent an amplification of any upward or downward movement in the investment trust's portfolio as a result of price changes of the investments contained therein. In the event that interest rates rise and the interest required to be paid by the Company increases, returns to investors will be reduced. The Company will only borrow for short-term liquidity purposes or for discount management purposes including purchase of its own shares. The Company's borrowings shall be limited to 15 per cent. of the Net Asset Value at the time of draw down of such borrowings.

The Company has not and will not register as an investment company under the Investment Company Act

The Company is not, and does not intend to become, registered in the United States as an investment company under the Investment Company Act and related rules and regulations. The Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered and does not plan to register,

none of these protections or restrictions is or will be applicable to the Company. In addition, to avoid being required to register as an investment company under the Investment Company Act, the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of or redeem Ordinary Shares held by a person to whom the sale or transfer of shares may cause the Company to be classified as an investment company under the Investment Company Act. These procedures may materially affect certain Shareholders' ability to transfer their shares.

The Ordinary Shares are subject to certain provisions that may cause the Board to refuse to register, or require the transfer of, Ordinary Shares

Although the Ordinary Shares are freely transferable, there are certain circumstances in which the Board may, under the Articles and subject to certain conditions, compulsorily require the transfer of or redeem the Ordinary Shares. These circumstances include where a transfer of Ordinary Shares would cause, or is likely to cause: (i) the assets of the Company to be considered "plan assets" under the Plan Asset Regulations; (ii) the Company to be required to register under the Investment Company Act, or members of the senior management of the Company to be required to register as "investment advisers" under the Investment Advisers Act; (iii) the Company to be required to register under the US Exchange Act or any similar legislation, amongst others; or (iv) the Company to be unable to comply with its obligations under FATCA.

The assets of the Company could be deemed to be "plan assets" that are subject to the requirements of ERISA or Section 4975 of the Internal Revenue Code, which could restrain the Company from making certain investments, and result in excise taxes and liabilities

Under the current Plan Asset Regulations, if interests held by Benefit Plan Investors are deemed to be "significant" within the meaning of the Plan Asset Regulations (broadly, if Benefit Plan Investors hold 25 per cent. or greater of any class of equity interest in the Company) then the assets of the Company may be deemed to be "plan assets" within the meaning of the Plan Asset Regulations. After the Placing Programme, the Company may be unable to monitor whether Benefit Plan Investors or investors acquire Ordinary Shares and therefore, there can be no assurance that Benefit Plan Investors will never acquire Ordinary Shares or that, if they do, the ownership of all Benefit Plan Investors will be below the 25 per cent. threshold discussed above or that the Company's assets will not otherwise constitute "plan assets" under Plan Asset Regulations. If the Company's assets were deemed to constitute "plan assets" within the meaning of the Plan Asset Regulations, certain transactions that the Company might enter into in the ordinary course of business and operation might constitute non-exempt prohibited transactions under ERISA or the Internal Revenue Code, resulting in excise taxes or other liabilities under ERISA or the Internal Revenue Code. In addition, any fiduciary of a Benefit Plan Investor or an employee benefit plan subject to Similar Law that is responsible for the Plan's investment in the Ordinary Shares could be liable for any ERISA violations or violations of such Similar Law relating to the Company.

Risk relating to regulation and taxation

Investment trust status

The Directors conduct the affairs of the Company so as to satisfy the conditions under section 1158 CTA 2010 and the Investment Trust Regulations 2011 and accordingly, the Company has been approved by HMRC as an investment trust on 23 June 2014 for accounting periods commencing on or after 26 June 2014. In respect of each period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on its chargeable gains. There is a risk that if the Company fails to maintain its status as an investment trust, the Company would be subject to the normal rates of corporation tax on chargeable gains arising on the transfer or disposal of investments and other assets, which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders. In addition, it is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the Ordinary Shares are freely transferable. In this regard, the Directors continually monitor the share register. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for maintaining investment trust status, will, as soon as reasonably practicable, notify Shareholders of this fact.

Overseas taxation

The Company may be subject to tax under the tax rules of the jurisdictions in which it invests. Although the Company will endeavour to minimise any such taxes this may affect the level of returns to Shareholders.

Changes in tax legislation or practice

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

Any changes to the tax status of the Company or any of its underlying investments, or to tax legislation or practice (whether in the UK or in jurisdictions in which the Company invests), could affect the value of investments held by the Company, affect the Company's ability to provide returns to Shareholders and affect the tax treatment for Shareholders of their investments in the Company (including the applicable rates of tax and availability of reliefs).

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

OECD consultations on changes in tax law

Prospective investors should be aware that the OECD published its Action Plan on Base Erosion and Profit Shifting ("**BEPS**") in 2013 and that a consultation process is currently underway. The BEPS project is ongoing, with further consultation and recommendations (in addition to those which have already been made) expected during 2016. Depending on how BEPS is introduced, changes to tax laws based on recommendations made by the OECD in relation to BEPS may, for example, result in additional reporting and disclosure obligations for investors and/or additional tax being suffered by underlying investments which may adversely affect returns to investors.

FATCA

TO ENSURE COMPLIANCE WITH UNITED STATES TREASURY DEPARTMENT CIRCULAR 230, EACH PROSPECTIVE INVESTOR IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US TAX ISSUES HEREIN IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY A PROSPECTIVE INVESTOR FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PROSPECTIVE INVESTOR UNDER APPLICABLE TAX LAW; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF TREASURY DEPARTMENT CIRCULAR 230) OF THE OFFER TO SELL ORDINARY SHARES BY THE COMPANY; AND (C) A PROSPECTIVE INVESTOR IN ORDINARY SHARES SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT ADVISOR.

The Foreign Account Tax Compliance Act provisions (commonly known as "**FATCA**") are US provisions contained in the US Hiring Incentives to Restore Employment Act 2010. FATCA is aimed at reducing tax evasion by US citizens.

FATCA imposes a withholding tax of 30% on (i) certain US source interest, dividends and certain other types of income, and (ii) the gross proceeds from the sale or disposition of assets which produce US source interest or dividends, which are received by a foreign financial institution ("**FFI**"), unless the FFI complies with certain reporting and other related obligations under FATCA. The UK has concluded an intergovernmental agreement ("**IGA**") with the US, pursuant to which parts of FATCA have been effectively enacted into UK law.

Under the IGA, a FFI that is resident in the UK (a "**Reporting FI**") is not subject to withholding under FATCA provided that it complies with the terms of the IGA, including requirements to register with the IRS and requirements to identify, and report certain information on, accounts held by US persons owning, directly or indirectly, an equity or debt interest in the Company (other than equity and debt interests that are regularly traded on an established securities market, for which see below), and report on accounts held by certain other persons or entities to HMRC.

The Company is treated as a Reporting FI pursuant to the IGA and complies with the requirements under the IGA. The Company's Ordinary Shares, in accordance with current HMRC practice, comply with the conditions set out in the IGA to be "regularly traded on an established securities market" meaning that the Company does not have to report specific information on its Shareholders and their investments to HMRC. However, there can be no assurance that the Company will continue to be treated as a Reporting FI, that its Ordinary Shares will continue to be considered to be "regularly traded on an established securities market" or that it would not in the future be subject to withholding tax under FATCA or the IGA. If the Company becomes subject to a withholding tax as a result of FATCA or the IGA, the return on investment of some or all Shareholders may be materially adversely affected.

The UK has also concluded similar intergovernmental agreements ("**Additional IGAs**") with other jurisdictions (including the Isle of Man, Guernsey and Jersey (the "**Crown Dependencies**") and seven of the British Overseas Territories (Cayman Islands, Gibraltar, Montserrat, Bermuda, the Turks and Caicos Islands, the British Virgin Islands and Anguilla)). The Additional IGAs with the Crown Dependencies and Gibraltar may require the Company to report more widely on its Shareholders, although the Company expects that it may be able to benefit from a similar reporting exemption to that contained in the IGA and outlined above.

Other jurisdictions are also considering introducing FATCA-style legislation in order to obtain information about their respective tax residents. Again, these may require the Company to report more widely on its Shareholders but the exact scope of such rules will need to be determined on a jurisdiction by jurisdiction basis.

In addition, the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") and the EU Directive on Administrative Cooperation (in relation to the field of taxation) ("**DAC**") have been implemented into UK law. These regimes operate on a similar basis to FATCA, and will require financial institutions to report information to tax authorities.

All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of the CRS and DAC on their investment in the Company.

FATCA, the IGA and the Additional IGAs are complex. The above description is based in part on regulations, official guidance, the IGA and the Additional IGAs, all of which are subject to change. All prospective investors and Shareholders should consult with their own tax advisors regarding the possible implications of FATCA or FATCA-style legislation on their investment in the Company.

Alternative Investment Fund Managers Directive

The AIFM Directive, which was due to be transposed by EU member states into national law on 22 July 2013, and was so transposed by the UK on that date, seeks to regulate alternative investment fund managers ("**AIFMs**") and imposes obligations on AIFMs in the EU or who market shares in such funds to EU investors. In order to obtain authorisation under the AIFM Directive, an AIFM needs to comply with various organisational, operational and transparency obligations, which may create significant additional compliance costs, some of which may be passed to investors in the alternative investment funds ("**AIFs**") and may affect dividend returns.

The Company is an EU AIF for the purposes of the AIFM Directive and related regimes in relevant EU member states, and the Investment Manager is its appointed AIFM.

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

IMPORTANT INFORMATION

Prospective Shareholders should rely only on the information contained in this Prospectus. No person has been authorised to give any information or make any representations other than as contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Investment Manager, Administrator or Investec 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 and the Disclosure and Transparency Rules neither the delivery of this Prospectus nor any Placing made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to its date.

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

In connection with the Placing Programme, Investec or any of its affiliates acting as an investor for its or their own account(s) may subscribe for the Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or related investments in connection with the Placing Programme or otherwise. Accordingly, references in this Prospectus to the Ordinary Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Investec or any of its affiliates acting as an investor for its or their own account(s). Investec does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

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

Data protection

The information that a prospective investor in the Company provides in documents in relation to a subscription for Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual ("personal data") will be held and processed by the Company (and any third party in the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) and/or the Administrator in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Each prospective investor acknowledges and consents that such information will be held and processed by the Company (or any third party, functionary, or agent appointed by the Company) and/or the Administrator for the following purposes:

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

Each prospective investor acknowledges and consents that where appropriate it may be necessary for the Company (or any third party, functionary, or agent appointed by the Company) and/or the Administrator to:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to provide services to prospective investors; and
- transfer personal data outside of the EEA to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors the United Kingdom (as applicable).

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

Prospective investors are responsible for informing any third party individual to whom the personal data relates to the disclosure and use of such data in accordance with these provisions.

Regulatory information

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

Investment considerations

The contents of this Prospectus 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:

- the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares;
- any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares which they might encounter; and
- the income and other tax consequences which may apply to them as a result of the purchase, holding, transfer, redemption or other disposal of the Ordinary Shares.

Prospective investors must rely upon 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.

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

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

This Prospectus should be read in its entirety before making any investment in the Ordinary Shares. All Shareholders are entitled to the benefit of, are bound by, and are deemed to have notice of, the provisions of the Memorandum and the Articles which investors should review. A summary of the Articles is contained in Part 7 of this Prospectus under the section headed "Articles of Association".

Forward looking statements

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

Directors or the Investment Manager, concerning, amongst other things, the investment strategy, financing strategies, investment performance, results of operations, financial condition, prospects, the condition of the Developing Economies and the dividend policies of the Company and the Developing Economies' companies in which it will invest. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in general market conditions and in the Developing Economies specifically, legislative or regulatory changes, changes in taxation regimes, the Company's ability to invest its cash and the proceeds of the Issue in suitable investments on a timely basis and the availability and cost of capital for future investments.

Potential investors are advised to read this Prospectus in its entirety, and, in particular, the section of this Prospectus entitled "Risk Factors" for a further discussion of the factors that could affect the Company's future performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this Prospectus may not occur or may not occur as foreseen.

These forward-looking statements speak only as at the date of this Prospectus. Subject to its legal and regulatory obligations (including under the Listing Rules, the Prospectus Rules, the DTRs and the Takeover Code), the Company expressly disclaims any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Nothing in the preceding three paragraphs should be taken as limiting the working capital statement in paragraph 10 of Part 7 of this Prospectus.

Presentation of financial information

As at the date of this Prospectus, the Company has only published limited financial information. All financial information for the Company prepared to date is, and all future financial information for the Company is intended to be, prepared in accordance with IFRS as adopted by the European Union. In making an investment decision, prospective investors must rely on their own examination of the Company from time to time and the terms of the Placing Programme.

Presentation of industry, market and other data

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Company's business contained in this Prospectus consists of estimates based on data and reports compiled by professional organisations and analysts, on data from other external sources and on the Company's and Investment Manager's knowledge of Developing Economies. Information regarding the macroeconomic environment has been compiled from publicly available sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, but none of the Company, the Investment Manager or Investec has independently verified that data. The Company gives no assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Company believes its and the Investment Manager's internal estimates to be reasonable, they have not been verified by any independent sources and the Company cannot give any assurance as to their accuracy.

Currency presentation

Unless otherwise indicated, all references in this Prospectus to "**GBP**", "**pounds sterling**", "**£**", "**pence**" or "**p**" are to the lawful currency of the UK.

Governing law

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

Website

The contents of the Company's website, www.feetplc.co.uk, do not form part of this Prospectus. Investors should base their decision whether or not to invest in the Ordinary Shares on the contents of this Prospectus alone.

Notice to prospective investors in the European Economic Area

The Ordinary Shares have not been, and will not be, registered under the securities laws, or with any securities regulatory authority of, any member state of the EEA other than the United Kingdom and subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered, sold, taken up or delivered in or into any member state of the EEA other than the United Kingdom.

The distribution of this Prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

For the attention of United States residents

The Ordinary Shares have not been and they will not be registered under the Securities Act, or with any securities regulatory authority of any state or any other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S). In addition, the Company has not been and will not be registered under the Investment Company Act, and investors will not be entitled to the benefits of the Investment Company Act. The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Ordinary Shares or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Ordinary Shares in the United States or to US Persons may constitute a violation of US law or regulation. Applicants for Ordinary Shares will be required to certify that they are not US Persons and are not subscribing for Ordinary Shares on behalf of US Persons. Any person in the United States who obtains a copy of this Prospectus is requested to disregard it.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS, PLACING PROGRAMME STATISTICS AND DEALING CODES

EXPECTED TIMETABLE

Placing Programme opens	31 August 2016
Publication of the Placing Programme Price in respect of each Placing	as soon as reasonably practicable following the closing of each Placing
Admission and crediting of CREST accounts in respect of each Placing	8.00 a.m. on the second day after Ordinary Shares are issued pursuant to the Placing Programme
Where applicable, share certificates despatched in respect of Ordinary Shares	Ordinary Shares pursuant to the Placing Programme approximately ten business days following the issue of any Ordinary Shares pursuant to the Placing Programme
Last date for Ordinary Shares to be issued pursuant to the Placing Programme	30 August 2017*

*or such earlier date on which the authority to issue the maximum number of Ordinary Shares pursuant to the Placing Programme is fully utilised.

Each of the time and dates in the above timetable are subject to change and may, with the prior approval of Investec, be extended or brought forward without further notice. The Company will notify investors of any such change by the publication of an RIS announcement.

PLACING PROGRAMME STATISTICS

Maximum number of Ordinary Shares to be issued	10,000,000
Placing Programme Price per Ordinary Share	Not less than the NAV (cum income) per Ordinary Share together with a premium to cover the commissions and <i>pro rata</i> expenses of the issue of new Ordinary Shares under the Placing Programme

DEALING CODES

The dealing codes for the Ordinary Shares are as follows:

ISIN:	GB00BLSNND18
SEDOL:	BLSNND1
Ticker:	FEET

DIRECTORS AND ADVISERS

Directors

Martin Bralsford

David Potter

John Spencer

Registered office and directors' business address

33 Cavendish Square

London W1G 0PW

Investment Manager

Fundsmith LLP

33 Cavendish Square

London W1G 0PW

Sponsor and Broker

Investec Bank plc

2 Gresham Street

London EC2V 7QP

Legal advisers to the Company as to English law

Travers Smith LLP

10 Snow Hill

London EC1A 2AL

Legal advisers to the Sponsor and Broker as to English law

Gowling WLG (UK) LLP

4 More London Riverside

London SE1 2AU

Auditor and Reporting Accountant

Deloitte LLP

2 New Street Square

London EC4A 3BZ

Company Secretary

Frostrow Capital LLP

25 Southampton Buildings

London WC2A 1AL

Administrator

State Street Bank and Trust Company

20 Churchill Place

Canary Wharf

London E14 5HJ

Depositary

State Street Trustees Limited

20 Churchill Place

London E14 5HJ

Registrar

Capita Asset Services

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

PART 1 - THE COMPANY

Introduction

The Company is an externally managed investment trust incorporated in England and Wales with an unlimited life, 21,045,806 shares in issue and a market capitalisation of approximately £235 million as at 30 August 2016, being the latest practicable date prior to the publication of this Prospectus. The Company is listed on the Official List and the Ordinary Shares are traded on the main market of the London Stock Exchange.

The Company's investment objective is to provide Shareholders with an attractive return by investing in a portfolio of shares issued by listed or traded companies which have a majority of their operations in, or revenue derived from, Developing Economies and which provide direct exposure to the rise of the consumer classes in those countries. For the purposes of the Company's investment policy, a "Developing Economy" means any country other than those listed in the MSCI World Index (the countries listed in the MSCI World Index as at the date of this Prospectus being Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Switzerland, the UK and the US). It is anticipated that the Company's portfolio will normally comprise between 35 and 55 equity investments.

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

The Company has entered into the Investment Management Agreement with the Investment Manager, pursuant to which the Investment Manager manages the Company's investments and assets in accordance with the investment policy. The Investment Manager is the Company's AIFM for the purposes of the AIFM Directive. A summary of the Investment Management Agreement is set out in paragraph 9 of Part 7 of this Prospectus.

Terry Smith owns 500,000 Ordinary Shares and other partners and employees of the Investment Manager own in aggregate approximately 115,000 Ordinary Shares as at the date of this Prospectus.

Investment policy

The Company's investment policy is to invest in shares issued by listed or traded companies which have the majority of their operations in, or revenue derived from, Developing Economies and which provide direct exposure to the rise of the consumer classes in those countries. The Company has, as at 29 August 2016, being the latest practicable date prior to the publication of this Prospectus, an investment portfolio which consists of 48 stocks. It is anticipated that the Company's portfolio will typically comprise 35 to 55 stocks.

The Company maintains and will continue to maintain a portfolio diversified by issuer concentration.

The Company will comply with the following restrictions at the time each investment is made:

- (i) not more than 5 per cent. of Gross Assets can be invested in shares issued by any single company. This limit rises to 10 per cent. in respect of up to 40 per cent. of Gross Assets;
- (ii) not more than 40 per cent. of Gross Assets can be invested in shares issued by companies domiciled in any single jurisdiction;
- (iii) not more than 20 per cent. of Gross Assets can be in deposits held with a single bank or financial institution. In applying this limit, all uninvested cash (except cash representing distributable income or credited to a distribution account that the Depositary holds) should be included;

- (iv) not more than 20 per cent. of Gross Assets can consist of shares and approved money market instruments issued by the same group. When applying the limits set out in (i) this provision would allow the Company to invest not more than 5 per cent. in the shares of each of four group member companies, or 10 per cent. in two of them (if applying the 40 per cent. limit);
- (v) the Company's holdings in any combination of shares or deposits issued by a single company or fund must not exceed 20 per cent. of Gross Assets overall;
- (vi) the Company must not acquire shares issued by a company and carrying rights to vote at a general meeting of that company if the Company has the power to influence significantly the conduct of business of that company (or would be able to do so after the acquisition of the shares). The Company is to be taken to have power to influence significantly if it exercises or controls the exercise of 20 per cent. or more of the voting rights in that company; and
- (vii) the Company must not acquire shares which do not carry a right to vote on any matter at a general meeting of the company that issued them and represent more than 10 per cent. of these securities issued by that company.

Uninvested cash or surplus capital or assets may be invested on a temporary basis in:

- cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a single-A (or equivalent) or higher credit rating as determined by an internationally recognised rating agency; or
- any "government and public securities" as defined for the purposes of the FCA rules.

In general, the Company does not use portfolio management techniques such as interest rate hedging and credit default swaps. However, the Company may use currency hedging, through derivatives if necessary, as a portfolio management technique. Whilst the Company, generally, will not hedge its currency exposure, it does reserve the right to do so in the circumstances where, in the opinion of the Investment Manager, a significant depreciation of a currency has become likely but the Investment Manager wishes to continue owning the companies in the portfolio denominated in that currency and where the cost of hedging that currency is unlikely, in the opinion of the Investment Manager, to extinguish any gains from hedging. To 30 August 2016, being the latest practicable date prior to the publication of this Prospectus, this power has never been used.

The Company has the power to borrow using short-term banking facilities to raise funds for short-term liquidity purposes or for discount management purposes including the purchase of its own shares, provided that the maximum gearing represented by such borrowings shall be limited to 15 per cent. of the Net Asset Value at the time of draw down of such borrowings. To 30 August 2016, being the latest practicable date prior to the publication of this Prospectus, this power has never been used.

Investment restrictions

The Company complies and will continue to comply with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the Listing Rules of the FCA:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the group as a whole;
- the Company must, at all times, invest and manage its assets in a way which is consistent with its object of spreading investment risk and in accordance with the published investment policy; and
- not more than 10 per cent. of the Gross Asset Value at the time an investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

The Directors do not currently intend to propose any material changes to the Company's investment policy, save in the case of exceptional or unforeseen circumstances. As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of Shareholders.

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

The Developing Economies opportunity

The Investment Manager believes that the rise of the consumer in the Developing Economies is a well established trend with a predictable pattern of development and a long way to run. Rather than investing in companies whose listing is in Developing Economies, in general the Investment Manager will seek to focus on those companies which are exposed to the rise of the consumer in Developing Economies. This is, in the opinion of the Investment Manager, a better way of delivering a return which captures the growth in those markets.

The opportunity

The consuming classes (representing consumers with more than \$5,000 in disposable income) in the Developing Economies will, according to 2011 analysis from Euromonitor, grow by approximately one billion individuals between 2010 and 2020¹. Further, a 2012 study by Groningen University, Brookings Institution and McKinsey forecasted world consumption in the emerging markets to rise from \$12 trillion to in 2010 to \$30 trillion in 2025, an increase of 150 per cent.² This compares to a rise over the same period from \$26 trillion to \$34 trillion in the developed markets. According to Robeco's analysis of research published by the International Monetary Fund in 2014, for many of the largest Developing Economies, affordable discretionary consumer goods will present the sweet spot in volume growth.³

The Investment Manager has identified a number of companies in the Developing Markets which make their money by a large number of everyday, repeat, relatively predictable transactions. The Investment Manager then executes its strategy by not overpaying when buying the shares of such companies and then doing as little dealing as possible in order to minimise the expenses of the Company. This allows the investee companies' returns to compound for Shareholders with minimum interference.

The Investment Manager avoids the financial sector and heavily cyclical sectors such as construction and manufacturing, utilities, resources and transport, and instead focusses almost exclusively on consumer stocks and, in any event, only on stocks in companies which will benefit from the rise of the consuming class in the Developing Economies.

The companies in which the Company seeks to invest have relatively predictable revenues and low capital intensity, and correspondingly high returns on capital. The targeted companies also deliver most or all of their profits in cash. They have defensible and strong market positions, typically derived from a combination of brands, trademarks and distribution systems or networks. The Investment Manager believes this combination will deliver compound growth in shareholder value over the long term.

The Investment Manager is also cognisant of the additional risks of investing in Developing Economies as opposed to developed economies, both in terms of the countries in which the companies operate and the standard of corporate governance within the companies themselves.

The Investment Manager takes into account the degree of economic freedom, particularly the measure derived by the Heritage Foundation, of the country in which the companies are listed and/or operate in assessing the risks of any particular opportunity.

Through this approach to investing, the Investment Manager has, as at 29 August 2016, being the latest practicable date prior to the publication of this Prospectus, identified 98 companies that could be invested in (the "**Investable Universe**").

Approximately 42% of the Investable Universe are quoted subsidiaries or franchisees of the multinational companies. This means the Investment Manager is well placed to conduct due diligence and assess the corporate governance of these companies. There are strong opportunities available to some of these

¹ See p.10 of Report dated 2011 "The Great Eight: Trillion Dollar Growth Trends to 2020" published by Bain & Company Inc

² See Article dated August 2012 (as updated October 2013) "Winning the \$30 trillion decathlon: Going for gold in emerging markets" published by McKinsey Quarterly

³ See White Paper dated July 2016 named "The ascent of the emerging middle class: Still all about China" published by Robeco

quoted subsidiaries. For example, Nestlé India has sales of \$1.3 billion from a country of 1.3 billion people, less than Nestlé sells in Australia (population 23 million). In 2015, Procter & Gamble Hygiene and Healthcare had just £239 million in sales in India compared with over £12.6 billion by US parent Procter & Gamble across the whole of Europe (population 743 million).

Current portfolio

A list of the Company's entire portfolio as at 30 June 2016 is set out on pages 38 to 40 of this document. Currently (as at 29 August 2016, being the latest practicable date prior to the publication of this Prospectus), the Company is invested in 48 companies. Of those, only 2 have been acquired since 30 June 2016 which, in aggregate, represent less than 0.59% of the Company's Net Asset Value as at 29 August 2016 of £229 million. The geographic split of the portfolio, certain of its financial characteristics and information on the sectors in which the Company has invested are presented below to provide a comprehensive and meaningful analysis of the securities held by the Company as at 29 August 2016 (being the latest practicable date prior to the publication of this Prospectus).

Portfolio composition

The Company is invested across a broad range of sectors, as illustrated in the below tables which are presented using the Investment Manager's own sector categories and the GICS Sector for reference; information is presented as at 29 August 2016:

Fundsmith Sector	%
Food & Beverage	37.2
FMCG	26.6
Retail	14.9
Tobacco	8.1
Fast Food	6.7
Chemicals	2.6
Healthcare	2.6
Cash	1.2
GICS Sector	%
Consumer Staples	82.4
Consumer Discretionary	11.2
Materials	2.5
Healthcare	2.6
Cash	1.2

As discussed above, the investment focus of the portfolio is on those companies which earn their revenue through a large number of everyday, repeat, relatively predictable transactions. This, the Investment Manager believes, is the best way to achieve exposure to the growth of the consumer classes. In terms of sector exposure, there is considerable overlap with the Fundsmith Equity Fund, which focusses on the developed markets. One of the key differences is that the Company invests in the retail sector because, in the context of Developing Economies, the barriers to entry are fewer and growth prospects are better. Typically, retailers in the Developing Economies have higher operating margins and return on capital employed ("**ROCE**") than is typical of the developed world.

Turning to the geographic split, the regional split and the top five countries in which the Company has invested are presented below as at 29 August 2016:

Regional Split	%
Asia	62.4
Europe, Middle East, Africa	26.6
South America	9.8
Cash	1.2
Total	100
Top 5 Countries	%
India	34.2
South Africa	8.9
Philippines	8.3
Egypt	4.2
Brazil	4.2

In seeking companies suitable for investment, the Investment Manager is seeking to invest in good companies. In the Investment Manager's view, a high quality business is one which can sustain a high return on cash on operating capital employed, in cash. This is discussed in more detail on page 50. The current portfolio has the following characteristics:

As at 29 August 2016	FEET
ROCE	46.5%
ROCE (ex goodwill)	51.5%
Gross Margin	46.9%
Operating Margin	18.4%
Cash Conversion	102.7%
Revenue Growth	11.5%
EPS Growth	17.5%

As at 30 June 2016, being the end of the last financial period of the Company for which unaudited financial information has been published prior to the publication of this Prospectus, the Company's portfolio comprised 46 investments, representing 99.09 per cent of Net Asset Value, with a further 0.91 per cent held in cash (including money market accounts). As at 30 June 2016, the Company's 46 holdings, representing approximately 99.09 per cent. of the Net Asset Value were as follows:

Holding	% of NAV
Godrej Consumer Products Ltd	4.0%
Marico Ltd	3.6%
Emami Ltd	3.2%

Universal Robina Corp	3.1%
Dabur India Ltd	3.0%
Vitasoy Intl Holdings Ltd	2.9%
Philippine Seven Corp	2.9%
Britannia Industries Ltd	2.9%
Colgate Palmolive (India)	2.9%
Jollibee Foods Corp	2.7%
Nestlé India Ltd	2.5%
Hindustan Unilever Ltd	2.5%
Asian Paints Ltd	2.4%
Tanzania Breweries Ltd	2.3%
East African Breweries Ltd	2.3%
Mr Price Group Ltd	2.3%
Ceylon Tobacco Co Plc	2.3%
Foshan Haitian Flavouring	2.3%
Shoprite Holdings Ltd	2.3%
Ambev SA	2.3%
Nestlé Lanka Plc	2.2%
Eastern Tobacco	2.2%
Grupo Lala SAB De CV	2.2%
Bim Birlesik Magazalar AS	2.2%
Bajaj Corp Ltd	2.2%
HM Sampoerna TBK PT	2.1%
Unilever Indonesia TBK PT	2.1%
Nestlé Nigeria Plc	2.1%
Vietnam Dairy Products JSC	2.0%
Edita Food Industries Reg	2.0%
Procter + Gamble Hygiene	2.0%
Hypermarcas SA	2.0%
Forus SA	2.0%
Glaxosmithkline Consumer Healthcare Ltd	2.0%
Famous Brands Ltd	1.9%
Spur Corp Ltd	1.8%
British American Tobacco	1.7%

Nigerian Breweries Plc	1.5%
Walmart De Mexico SAB De CV	1.5%
Magnit PJSC Spon GDR Regs	1.5%
Integrated Diagnostics Holdings Plc	1.3%
Dr Lal Pathlabs Ltd	1.2%
Olympic Industries Ltd	1.1%
Nestlé Pakistan Ltd	0.9%
Dali Foods Group Co Ltd	0.9%
Fan Milk Ltd	0.7%

Performance track record

The performance of the Company's portfolio to 29 August 2016 is shown below:

	Year to date	12 months	Since launch
FEET NAV total return	17.3	19.1	9.3
Benchmark ¹	29.0	30.9	16.8

¹MSCI Emerging and Frontier Markets Index (measured on a net sterling adjusted basis).

Investment Manager

Under the Investment Management Agreement, Fundsmith LLP, the Investment Manager, which is authorised and regulated in the UK by the Financial Conduct Authority, has been appointed by the Company as Investment Manager and in such capacity acts as discretionary investment manager to the Company within the strategic guidelines set out in the Company's investment policy and subject to the oversight of the Board.

The Investment Manager was founded in 2010 and shortly thereafter launched the Fundsmith Equity Fund, a conviction-led global equities fund with an equivalent strategy to the Company's.

Terry Smith leads the Investment Manager in the identification and selection of the Company's pipeline of potential investments, including the provision of investment and portfolio management services relating to the ongoing management of the assets.

Further details in relation to the Investment Manager and the Investment Manager's team are set out in Part 3 of this Prospectus. A summary of the terms of the Investment Management Agreement is provided in paragraph 9 of Part 7 of this Prospectus.

Capital structure

The Company's share capital comprises 21,045,806 Ordinary Shares currently in issue which are admitted to trading on the main market for listed securities of the London Stock Exchange and are listed on the premium segment of the Official List. In addition, the shareholders of the Company passed resolutions at the Company's annual general meeting on 26 May 2016 authorising the issue of 4,834,480 Ordinary Shares, 670,000 of which have been issued as at the date of this Prospectus, which means the Company has shareholder authority to issue a further 4,164,480 new Ordinary Shares. Ordinary Shares issued pursuant to the Placing Programme will be admitted to trading on the main market for listed securities of the London Stock Exchange and will be listed on the premium segment of the Official List.

Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.

On a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company.

The Ordinary Shares carry the right to receive all dividends declared by the Company.

Further issues

The Board obtained shareholder authority at the annual general meeting of the Company on 26 May 2016 to allot 4,834,480 Ordinary Shares, representing up to 25 per cent. of the Company's issued share capital as at the date of the notice convening such meeting. The Company has since issued 670,000 Ordinary Shares, which means the Company has, as at the date of the Prospectus, shareholder authority to issue a further 4,164,480 Ordinary Shares, such authority lasting until the next annual general meeting of the Company or after a period of 15 months from the date of passing of the resolution, whichever is earlier. To the extent that this authority is used up before the next annual general meeting of the Company in 2017, the Company may convene a general meeting or general meetings to refresh the authority, or to increase the number of issued Ordinary Shares. Shareholders' pre-emption rights over this unissued share capital have been dis-applied so that the Board will not be obliged to offer any such new Ordinary Shares to Shareholders pro rata to their existing holdings. The reason for this is to retain flexibility to issue new Ordinary Shares to investors.

Under the terms of the above authority, Ordinary Shares can only be issued at a price which is greater than the Net Asset Value per existing Ordinary Share at the time of their issue and where the resulting issue would not result in the Company having more than 10 per cent. of its assets in cash. With these two controls in place, the Board believes that the interests of the existing Shareholders are adequately protected.

Except where previously authorised by Shareholders, no Ordinary Shares will be issued at a price which is less than the Net Asset Value per existing Ordinary Share at the time of their issue, unless they are first offered pro rata to Shareholders on a pre-emptive basis.

The Company's Articles contain provisions that permit the Directors to issue C Shares from time to time. C Shares are shares which convert into Ordinary Shares only when a specified proportion of the net proceeds of issuing such C Shares have been invested in accordance with the Company's investment policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the Ordinary Shares). A C Share issue would therefore permit the Board to raise further capital for the Company whilst avoiding any immediate dilution of investment returns for existing Shareholders which may otherwise result.

Purchase of own Shares

The Directors have the authority to purchase in the market up to 2,898,754 Ordinary Shares, being 14.99 per cent. of the Ordinary Shares in issue as at the date of the notice convening the annual general meeting of the Company on 26 May 2016. This authority will expire at the conclusion of the Company's next annual general meeting or, if earlier, 18 months from the date on which the resolution conferring the authority was passed. The Directors intend to seek annual renewal of this authority from Shareholders at each annual general meeting. Whether the Company purchases any such Ordinary Shares, and the timing and the price paid on any such purchase, will be at the discretion of the Directors. Ordinary Shares which are bought back may be cancelled or held in treasury. It is the current intention of the Directors to hold any Ordinary Shares which have been bought back in treasury. Ordinary Shares held in treasury may be sold by the Company at prices equal to or above the prevailing Net Asset Value per Ordinary Share.

Discount management

If after the end of the fourth financial year of the Company's existence (being 31 December 2018) or any subsequent year, the Ordinary Shares have traded, on average, at a discount in excess of 10 per cent. of Net Asset Value per Ordinary Share in that year, the Directors will consider proposing a special resolution at the Company's next annual general meeting that the Company ceases to continue in its

present form. If such vote is proposed and passed, the Board will be required to formulate proposals to be put to Shareholders within four months to wind up or otherwise reconstruct the Company, having regard to the illiquid nature of the Company's underlying assets. Any such proposals may incorporate arrangements which enable investors who wish to continue to be exposed to the Company's investment portfolio to maintain some or all of their existing exposure.

The discount or premium at which the Ordinary Shares trade on each Business Day in a financial year for the purposes of the continuation vote mechanism will be determined by reference to the closing bid market price of the Ordinary Shares on each relevant Business Day and the most recently published Net Asset Value per Ordinary Share.

Dividend policy

The Company's intention is to provide capital growth and not to provide any particular level of dividend. Historically, the Company has allocated all of its expenses against its income which has resulted in having no distributable income required to be returned to Shareholders by way of dividends. The Company expects that, in future, more expenses will be required to be allocated against capital, which will increase the likelihood of a dividend being declared. The Company will comply with the investment trust rules regarding distributable income and intends to distribute at least 85 per cent. of its distributable income earned in each financial year but does not expect significant income from the shares in which it invests and, at least initially, the Company does not anticipate paying any dividends.

Any dividends and distributions will be at the discretion of the Board. Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the Companies Act, the Board may from time to time pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Were the Company to be in a position to pay a dividend, then it may, subject to complying with all relevant criteria and with the approval of the Shareholders by ordinary resolution, choose to offer Shareholders a scrip dividend alternative or may establish a scrip dividend scheme that would allow Shareholders to receive Ordinary Shares instead of a cash dividend.

Investment trust status

The Company currently conducts, and intends at all times to conduct, its affairs so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

In summary, in order for the Company to be eligible as an investment trust in any accounting period, the following conditions must be satisfied throughout the period:

- all or substantially all of the Company's business consists of investing its funds in shares, land or other assets with the aim of spreading investment risk and giving Shareholders the benefit of the results of the management of its funds;
- the Company's Ordinary Shares must be admitted to trading on a regulated market, such as the main market of the London Stock Exchange; and
- the Company must not be a venture capital trust (within the meaning of Part 6 of the Income Tax Act 2007) or UK REIT (within the meaning of Part 12 of the Corporation Tax Act 2010).

In order for the Company to maintain its investment trust status it must:

- not be a close company;
- not retain in respect of any accounting period an amount which is greater than 15 per cent. of its income for the period; and

- notify HMRC if it revises its investment policy or breaches the regime.

Duration

The Company has been established with an unlimited life.

PART 2 - DIRECTORS AND ADMINISTRATION

The Directors

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and the investment policy and have overall responsibility for the Company's activities including its investment activities and reviewing the performance of the Company's portfolio.

The Directors may delegate certain functions to other parties such as the Investment Manager, the Administrator, the Company Secretary, the Depositary and the Registrar. In particular, the Directors have delegated responsibility for day to day management of the investments comprised in the Company's portfolio to the Investment Manager. The Directors have responsibility for exercising supervision of the Investment Manager.

Martin Bralsford

Martin Bralsford (aged 68) was articled with Pannell Kerr Forster & Co, London, qualifying as a Chartered Accountant in 1970 and obtained a masters degree at the London Business School in 1974. Until July 2007 he was chief executive of C.I. Traders, taking up this role in August 2002 when it acquired Le Riche Group. Prior to this he had been chairman of Premier Brands and held a number of financial and general management appointments in Calor Gas, Rank Group, Smith Kline Beecham and Cadbury Schweppes. He has served as an independent member of the boards of a number of commercial, banking and investment companies including Gartmore Capital Strategy Fund Limited and Acorn Income Fund Limited. He is a trustee of a number of charitable trusts, including the Durrell Wildlife Conservation Trust of which he is a life trustee.

David Potter

After 35 years in the City (CSFB, Montagu, Midland, Guinness Mahon, Investec) David Potter (aged 71) has spent the last 15 years as a chairman, non-executive and trustee in a wide range of companies and institutions. He is currently chairman of Gresham House Strategic plc (formerly Spark Ventures plc), a member of the Council of The Centre for the Study of Financial Innovation, chairman of the Bryanston and National Film & TV School Foundations and a member of The King's College London Investment Board.

John Spencer

John Spencer (aged 71) qualified as a chartered accountant in 1966 and worked with KPMG from 1966 to 1969. He joined Barclays Bank in 1969 and held a variety of posts, including president of Barclays Bank of New York and chief executive of the USA Banking division. He returned to the UK in 1990 as deputy chief executive of BZW and chief executive of the Global Markets division and was appointed a member of the Group Executive Committee. Mr. Spencer retired in 1995. He was non-executive chairman of Regent Inns plc from 1995 to 1998 and served as non-executive chairman of Softtechnet.com plc, a director of Numerica Group plc and chief executive of Snell & Wilcox Limited, a private company. He was appointed director of Tullett Prebon (originally Collins Stewart) in 2000 until 2007 where he was the senior independent non-executive director, and a member of the Audit, Remuneration and Nominations Committees. Mr. Spencer is a non-executive director of tpSEF Inc..

Corporate governance

The Listing Rules require that the Company must "comply or explain" against the UK Corporate Governance Code (the "**Governance Code**"). In addition, the Disclosure and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and financial statements based on the code to which it is subject, or with which it voluntarily complies; and (ii) describe its internal control and risk management arrangements.

The Directors have considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained in the AIC Guide, addresses all the principles set out in the

Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the Governance Code) will provide better information to Shareholders. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the Governance Code, save as set out below.

The Governance Code includes provisions relating to the role of the chief executive; executive directors' remuneration; and the need for an internal audit function. For the reasons set out in the AIC Guide and as explained in the Governance Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Company has not established a nomination committee or a remuneration committee, which is not in accordance with provisions B.2.1 and D.2.1 respectively of the Governance Code. As all of the Directors are independent and non-executive, the Company considers that the Board as a whole fulfils the role otherwise undertaken by such committees.

Audit Committee

The Company's Audit Committee, comprising all of the Directors, meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditor and to review the annual accounts and half yearly reports. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. John Spencer is the chairman of the Audit Committee. The principal duties of the Audit Committee are to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

Management Engagement Committee

The Company's Management Engagement Committee, comprising all of the Directors, meets formally at least once a year for the purpose, amongst other things, of reviewing the actions and judgments of the Investment Manager and also the terms of the Investment Management Agreement.

Other committees

As noted above, the Board fulfils the responsibilities typically undertaken by a nomination committee and a remuneration committee.

Directors' share dealings

On 3 July 2016 the new EU Market Abuse Regulation ("**EU MAR**") became effective across Europe and is directly applicable in the UK. The share dealing restrictions and notification requirements for directors and senior managers contained in the EU MAR are not consistent with the Model Code. The FCA has therefore deleted the Model Code and accordingly the Company has adopted new share dealing and clearance arrangements and procedures to ensure notification and announcement of dealings in compliance with the EU MAR.

Administrator

State Street Bank and Trust Company has been appointed as Administrator to the Company pursuant to the Accounting and Administration Services Agreement (further details of which are set out in paragraph 9 of Part 7 of this Prospectus). Under the terms of the Accounting and Administration Services Agreement,

the Investment Manager has delegated the performance of certain valuations services it provides pursuant to the terms of the Investment Management Agreement to the Administrator.

The Administrator is responsible for the maintenance of the books and financial statements of the company and the calculation, in conjunction with the Investment Manager, of the Net Asset Value of the Company and the Ordinary Shares. The Administrator also releases the Net Asset Value, after its approval by the Investment Manager, daily through a Regulatory Information Service.

Company Secretary

Frostrow Capital LLP provides company secretarial services to the Company pursuant to the Company Secretarial Agreement (further details of which are set out in paragraph 9 of Part 7 of this Prospectus).

The Company Secretary is responsible for production of the Company's annual and half-yearly reports, regulatory compliance and providing support to the Board's corporate governance process and its continuing obligations under the Listing Rules and the Disclosure and Transparency Rules. In addition, the Company Secretary is responsible for liaising with the Company, the Investment Manager, the Registrar and the Administrator in relation to the payment of any dividends, as well as general secretarial functions required by the Companies Act (including but not limited to the maintenance of the Company's statutory books).

Registrar

Capita Asset Services has been appointed as the Company's Registrar pursuant to the Capita Agreement (further details of which are set out in paragraph 9 of Part 7 of this Prospectus).

Depositary

State Street Trustees Limited has been appointed as the Company's depositary pursuant to the Depositary Agreement (further details of which are set out in paragraph 9 of Part 7 of this Prospectus). The Depositary is authorised by the Prudential Regulation Authority and is subject to regulation by the FCA and to limited regulation by the Prudential Regulation Authority. The Depositary has delegated its obligations in respect of the safe keeping of the Company's investments to State Street Bank Limited which in turn has appointed sub-custodians in jurisdictions where the Company may make investments.

Auditor

Deloitte LLP provides audit services to the Company. The annual report and financial statements are prepared in accordance with IFRS as adopted by the European Union.

Fees and expenses

Expenses of the Placing Programme

The costs and expenses of the Placing Programme will include, without limitation, placing fees and commissions; registration, listing and admission fees; printing, advertising and distribution costs; legal fees, and any other applicable expenses, and will depend on the Directors determining to proceed with any Placing, subscriptions received in respect of individual Placings and the relevant Placing Programme Price.

Ongoing expenses

Investment Manager's fees

Under the Investment Management Agreement, the Investment Manager is entitled to an annual fee which accrues daily and is 1.25 per cent. of NAV per annum.

The fee is payable quarterly in arrear in cash, and is calculated on the NAV reported as at the end of the relevant quarter.

No performance fee is payable.

Other fees and expenses

The Company will also incur further on-going annual fees and expenses, which will include the following:

- Administrator

Under the terms of the Accounting and Administration Services Agreement, the Administrator is entitled to an annual fee in respect of the valuation and accounting services it provides calculated by reference to the Company's Net Asset Value as follows: an amount equal to the aggregate of (i) four basis points of the NAV of the Company up to £100 million; (ii) three basis points of the NAV of the Company between £100 million and £400 million; and (iii) two basis points of the NAV of the Company in excess of £400 million. In addition a further fee of £1,500 per annum is payable in respect of the tax reporting services provided by the Administrator. A minimum fee of £25,000 per annum has been payable by the Company to the Administrator since the end of the Company's first financial year. The Administrator is, in addition, entitled to recover third party expenses and disbursements.

- Company Secretary

Under the terms of the Company Secretarial Agreement, the Company Secretary is entitled to an annual fee of £85,000 per annum (plus VAT) in respect of the company secretarial services it provides, including corporate governance, regulatory compliance and Listing Rule continuing obligations. The Company Secretary is, in addition, entitled to recover reasonable third party expenses and disbursements.

- Depositary

The Depositary is entitled to an annual fee from the Company calculated by reference to the services performed (in respect of custody services) as well as a fee equal to two basis points of the gross asset value of the Company (in respect of depositary services). A minimum fee of £25,000 per annum in respect of custody services and £10,000 per annum in respect of depositary services is payable by the Company to the Depositary. The Depositary is, in addition, entitled to recover reasonable third party expenses and disbursements.

- Directors

The Directors are remunerated for their services at a fee of £20,000 per annum (£25,000 for the Chairman). Further information in relation to the remuneration of the Directors is set out in Part 7 of this Prospectus.

- Other operational expenses

All other ongoing operational expenses (excluding fees paid to service providers as detailed above) of the Company are borne by the Company including, without limitation, the registrar fees; the incidental costs of making its investments and the implementation of its investment objective and policy; travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit and legal fees; and annual listing fees. All out of pocket expenses that are reasonably and properly incurred, of the Investment Manager, the Administrator, the Company Secretary, the Depositary, the Receiving Agent and Registrar and the Directors relating to the Company are borne by the Company. No fees or expenses, including those listed above, will be borne directly by Investors.

Meetings and reports

All annual general meetings of the Company are expected to be held in the second quarter of each calendar year. The next annual general meeting is expected to be held in May 2017. The Company's audited annual report and financial statements are prepared to 31 December each year, and ordinarily copies are sent to Shareholders by the following April, or earlier if possible. Shareholders also receive an unaudited half year report each year commencing in respect of the six month period to 30 June, copies of which are ordinarily despatched the following August each year, or earlier if possible. The Company's audited annual reports and financial statements and half year report are available on the Company's website.

The Company's financial statements and the annual report are drawn up in sterling and in accordance with IFRS as adopted by the European Union.

Net Asset Value publication and calculation

The Administrator, in conjunction with the Investment Manager, calculates the Net Asset Value and the Net Asset Value per Ordinary Share as at the end of each Business Day and reports such calculation to the Board and the Investment Manager. Following the approval of the Net Asset Value by the Investment Manager, the Administrator announces the Net Asset Value to Shareholders through a RIS announcement.

The Net Asset Value of the Company is calculated on the basis of the bid prices of the Company's underlying investments or a lower figure if, in the reasonable opinion of the Investment Manager, the underlying investment is worth less than the bid price. If an underlying investment held by the Company is suspended, the last available bid price of that investment is used to calculate the Net Asset Value unless the Investment Manager believes another value is a better representation of the fair value of the investment.

These calculations are reported daily to Shareholders through a RIS announcement. The Company may delay public disclosure of the Net Asset Value to avoid prejudice to its legitimate interests, provided that such delay would not be likely to mislead the public and the Company has put in place appropriate measures to ensure confidentiality of that information.

The Board may determine that the Company shall temporarily suspend the determination of the Net Asset Value per Ordinary Share when the prices of any investments owned by the Company cannot be promptly or accurately ascertained; however, in view of the nature of the Company's proposed investments, the Board does not envisage any circumstances in which valuations will be suspended. If the Board suspends the determination of Net Asset Value it will report the suspension to Shareholders through a Regulatory Information Service.

PART 3 - THE INVESTMENT MANAGER, INVESTMENT PROCESS AND STRATEGY

The Investment Manager

Fundsmith LLP is a fund management company established on 16 April 2010 by Terry Smith. Fundsmith LLP is a limited liability partnership established in England and Wales with registered number OC354233. The business is 100 per cent. owned and controlled by its partners, who have worked closely together over many years, and is headquartered in London.

Fundsmith LLP currently manages over £8 billion in one global equity strategy across three funds and four segregated accounts in different jurisdictions. Fundsmith LLP is authorised and regulated by the FCA.

The investment management team is headed by Terry Smith, assisted by Julian Robins, as Head of Research, and Michael O'Brien, Jonathan Imlah, Sandip Patodia and Tom Boles.

Terry Smith

Terry Smith graduated in History with a 1st class degree from University College Cardiff in 1974. He worked for Barclays Bank from 1974 until 1983 and became an associate of the Chartered Institute of Bankers in 1976. He obtained an MBA at The Management College, Henley in 1979. He became a stockbroker with W Greenwell & Co in 1984 and was the top-rated bank analyst in London from 1984 to 1989. In 1990 he became Head of UK Company Research at UBS Phillips & Drew, a position from which he was dismissed in 1992 following the publication of his bestselling book *Accounting for Growth*. He joined Collins Stewart shortly after, and became a director in 1996. In 2000 he became chief executive and led the management buy-out of Collins Stewart, which was floated on the London Stock Exchange five months later. In 2003 Collins Stewart acquired Tullett Liberty and followed this in 2004 with the acquisition of Prebon Group, creating the world's second largest inter-dealer broker. Collins Stewart and Tullett Prebon were demerged in 2006. He founded Fundsmith LLP in 2010. In 2012 he was appointed a member of the New Zealand Order of Merit for his contribution to New Zealand-UK relations.

Terry Smith, the founder of the Investment Manager, has experience as a chief executive responsible for businesses and joint ventures operating in Brazil, China, India, Indonesia, Korea, Mexico, the Philippines, the Republic of South Africa and Thailand.

Julian Robins

Julian Robins has a first class degree in Modern History from Christ Church, Oxford and started his career with the stockbroking firm EB Savory Milln in 1984. From 1987 until 1999, he worked for BZW and after their takeover of BZW's equity business in 1998, CSFB. Between 1988 and 1993 he was BZW's senior bank analyst in London, from 1993 until 1999, he worked as an institutional salesman in New York. In 1999 he was one of the founders of Collins Stewart's New York office.

Michael O'Brien

Michael joined Fundsmith in October 2013. He began his career at Guinness Flight Global Asset Management (subsequently Investec Asset Management) in 1994 as an analyst, taking responsibility for the Group's UK Small and Emerging Companies Funds in 1997, and subsequent to this the Recovery Fund. Michael also was an investment advisor to the Group's Venture Capital Trust. In 2000 Michael joined Collins Stewart as a UK analyst covering a wide range of sectors and was also instrumental in the development of the firm's research product. Michael holds an MPhil from Cambridge University.

Jonathan Imlah

Jonathan joined Fundsmith in December 2013 from Canaccord Genuity where he was the lead technology analyst since 2010. He was previously at Altium Securities where he covered technology for 6 years, latterly as head of research. Prior to Altium, he worked in the large cap technology team at Dresdner Kleinwort covering pan European IT services. Jonathan was Techmark analyst of the year in 2007 and was number 1 or 2 in his sector in the FT Starmine survey between 2009 and 2013. Prior to taking up a career as an analyst Jonathan was a country investment report writer working in Spain, India, Russia, Hungary,

Brazil, Peru, Zimbabwe and Guatemala. Jonathan has an MBA from INSEAD and a degree in French and Philosophy from St Andrews University and is a fluent Spanish speaker.

Sandip Patodia

Sandip joined Fundsmith in 2014 from Morgan Stanley, where he had been a vice-president within the UK investment banking team. Sandip spent four years with Morgan Stanley as a corporate broker, providing corporate finance advice to UK listed companies on all aspects of their interaction with the equity markets. Prior to that he spent four years working as a M&A adviser at Ernst & Young. Sandip holds a first class honours degree in Electronics and Computer Science from Aston University and is a qualified chartered accountant with the Institute of Chartered Accountants of Scotland.

Tom Boles

Tom joined Fundsmith in 2013 having completed an MSc in Economics and Finance from the University of Bristol with distinction in 2012, where his dissertation was on Persistence of Performance in the Mutual Fund Management Industry. He graduated from Bristol in 2011 with a BSc in Economics, having conducted work experience at Odey Asset Management and Neptune Investment Management. He is also an Investment Management Certificate holder and a CFA charterholder.

Investment approval and management process

Set out below is a summary of the investment approval and management process that is generally applied by the Company (to the extent appropriate given the nature of a relevant investment opportunity):

Initial analysis

The Company is invested using the following methodology, namely:

1 Seeking high quality businesses with specific characteristics and intangible assets

In the Investment Manager's view, a high quality business is one which can sustain a high return in cash on operating capital employed, in cash. Earnings per share is not the same as cash, but more importantly it takes no account of the capital employed to generate those earnings or the return which is earned on that capital.

The Investment Manager does not just look for a high rate of return. It seeks a sustainable high rate of return. An important contributor to this is repeat business, usually from consumers. A company that sells many small items each day is better able to earn consistent returns over the years than a company whose business is cyclical. This approach rules out most businesses that do not sell directly to consumers or which make goods which are not consumed at short and regular intervals.

Capital goods companies and industrial suppliers make components, ingredients and packaging to sell to businesses. Business buyers are able to defer purchases of such products when the business cycle turns down. Moreover, business buyers employ staff to drive down the cost of purchase and lengthen their payment terms. In contrast consumers generally have no direct bargaining power – it is not normal for consumers to be able to negotiate a lower price for everyday luxuries and necessities.

An important contributor to resilience is a resistance to product obsolescence. The Investment Manager does not and will not invest the Company in industries which are subject to rapid technological innovation. Innovation is often sought by investors but does not always produce lasting value for them and can have high capital costs. The Investment Manager seeks to benefit from incremental product development in long established products and industries.

Even when a company sells to consumers, it is unlikely to fit the Investment Manager's criteria if its products have a life which can be extended. Consumers can defer replacing their cars, houses and appliances, but not food and toiletries. Hence the Investment Manager does not invest the Company in manufacturers of consumer durables.

The Investment Manager seeks to invest the Company in businesses whose assets are intangible and difficult to replicate. These businesses will hopefully do something unusual: they will break the rule of mean reversion that states returns must revert to the average as new capital is attracted to business activities earning above average returns. They can do this because their most important assets are not physical assets, which can be replicated by anyone with access to capital, but intangible assets which can be very difficult to replicate, no matter how much capital a competitor is willing to spend.

Moreover, it is hard for companies to replicate these intangible assets using borrowed funds, as banks tend to favour the (often illusory) comfort of tangible collateral. This means that the business does not suffer from an increased number of competitors when credit is freely available.

The kinds of intangible assets that the Investment Manager looks for are brand names, trademarks, dominant market shares, patents, licenses, franchises, intellectual property or know how, distribution networks, client relationships and installed bases of equipment or software that lock-in clients for service, spares, repairs, renewals, consumables and transactions. Some combination of such intangibles defines a company's franchise. Since stock markets typically value companies on the assumption that their returns will regress to the mean, businesses whose returns do not do this can become undervalued. This presents an opportunity for the Company.

The Company only invests in companies that earn a high return on their capital on an unleveraged basis. Although the companies may have leverage, they do not require borrowed money to function. In assessing leverage, the Investment Manager includes off-balance sheet finance in the form of operating leases, which are common in some sectors, such as retailing.

The Investment Manager seeks businesses which have growth potential. The Investment Manager views growth potential as the ability of a company to be able to reinvest at least a portion of its excess cash flow back into the business to grow, whilst generating a high return on the cash thus reinvested. Over time, this should compound their shareholders' wealth by generating more than a pound of stock-market value for each pound reinvested.

The source of growth is also a factor to consider. Growth in profits from increasing prices can simply build an umbrella beneath which competitors can flourish. The Investment Manager focuses on companies which have physical growth in the merchandise or service sold rather than simply pricing power.

2 *Avoiding over paying for shares*

The Company only invests in shares where the Investment Manager believes the valuation is attractive. The Investment Manager estimates the free cash flow of every company after tax and interest, but before dividends and other distributions, and after adding back any discretionary capital expenditure which is not needed to maintain the business. The Investment Manager aims to invest only when free cash flow per share as a percentage of a company's share price (the "**free cash flow yield**") is high relative to long-term interest rates and when compared with the free cash flow yields of other investment candidates both within and outside the Company's portfolio. The Investment Manager buys securities that it believes will grow and compound in value, which bonds cannot, at yields that are similar to or better than what the Company would get from a bond.

3 *Buying and holding*

The Company seeks to be a long-term, buy-and-hold investor. The Investment Manager only recommends stocks that will compound in value over the years. Even when the Investment Manager is able to find a new company suitable for the Company, it will have to wait, sometimes forever, for a price and valuation it can justify investing in. The resulting low level of dealing activity also minimises the frictional costs of trading, a cost which is often overlooked by investors as it is not normally disclosed as part of the costs of running funds.

4 *Not attempting market timing*

The Investment Manager does not attempt to manage the percentage invested in equities in the Company's portfolio to reflect any view of market levels, timing or developments. The Investment Manager's unwillingness to make investment decisions on the basis of market timing is one factor that will prevent the Company from investing in sectors that are highly cyclical.

5 *Corporate governance*

Investment in Developing Economies has risks associated with it which might loosely be labelled as problems of corporate governance. There are examples of companies that have had assets confiscated by governments, which have had their know how taken by a local joint venture partner who set up in competition with them and of minority investment in business controlled by local families which have gone awry. As a minority investor, the Investment Manager assumes that the corporate governance landscape applying to an investment made by the Company is one that will not change following investment and as such exercises care in selecting the investments it makes having regard to the existing corporate governance landscape.

Conflicts of interest

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

The Investment Manager has a conflicts of interest policy which contains the details of identified conflicts or potential conflicts of interest and the procedures it follows in order to avoid, minimise and manage such conflicts or potential conflicts.

The Investment Manager is structured and organised in a way so as to minimise the risks of a client's interests being prejudiced by conflicts of interest and will wherever possible try to ensure that a conflict of interest does not arise. In the event that a conflict of interest cannot be avoided the Investment Manager will always act in the best interests of the Company and ensure that the Company is fairly treated.

If circumstances arise such that the Investment Manager's arrangements for avoiding and managing conflicts of interest are not sufficient to ensure with reasonable confidence that the risks of damage to the interests of the Company or its Shareholders will be prevented, the senior management of the Investment Manager must act to ensure that appropriate action is taken in the best interests of the Company and its Shareholders. Any such situation will be disclosed to Shareholders in the next annual or half yearly report together with details of the action taken by the Investment Manager to resolve the situation in the best interests of the Company.

The conflicts of interest policy is reviewed by senior management of the Investment Manager at least once a year or whenever there are material changes in the business services to be offered by the Investment Manager.

PART 4 - THE PLACING PROGRAMME

Details of the Placing Programme

The Directors were granted shareholder authority to issue up to 4,834,480 Ordinary Shares on a non-pre-emptive basis on 26 May 2016 and 670,000 Ordinary Shares have been issued pursuant to that authority as at the date of this Prospectus. The Company therefore has shareholder authority to issue up to 4,164,480 Ordinary Shares but may issue up to 10,000,000 Ordinary Shares pursuant to the Placing Programme. Should the Board wish to issue new Ordinary Shares in excess of the amount which it has been authorised by Shareholders to allot, further authorities will be sought at an appropriate time to issue and allot up to a total amount of 10,000,000 Ordinary Shares by convening one or more general meeting(s) of Shareholders for this purpose.

The Placing Programme is being implemented to satisfy market demand and to enable the Company to raise additional capital in the period from 31 August 2016 to 30 August 2017 should the Board determine that market conditions are appropriate. The Placing Programme is intended to be flexible and will have a number of closing dates in order to provide the Company with the ability to issue and allot Ordinary Shares over a period of time. Any issue of Ordinary Shares under the Placing Programme will be notified by the Company through an RIS announcement and the Company's website prior to each Admission.

The Directors intend to apply the net proceeds of the Placing Programme in making investments that have been identified by the Investment Manager in accordance with the Company's investment objective and policy.

The Placing Programme is not being underwritten and, as at the date of this Prospectus, the actual number of Ordinary Shares to be issued under the Placing Programme is not known. The number of Ordinary Shares available under the Placing Programme should not be taken as an indication of the number of Ordinary Shares finally to be issued. The terms and conditions which shall apply to any subscription for Ordinary Shares pursuant to the Placing Programme are contained in Part 8 of this Prospectus.

The Placing Programme is designed to be suitable for institutional, professional and highly knowledgeable investors (including those who are professionally advised) seeking exposure to Developing Economies companies. Such investors may wish to consult an independent financial adviser who specialises in advising on the acquisition of shares and other securities before investing in Ordinary Shares issued under the Placing Programme. There is no minimum subscription under the Placing Programme.

Background to and reasons for the Placing Programme

At launch of the Company on 25 June 2014, the Company raised gross proceeds of £192.9 million through the issue of 19,287,921 Ordinary Shares, resulting in a number of Ordinary Shares then in issue of 19,337,921 including 50,000 of subscriber shares. As announced in the Company's annual report for the period ended 31 December 2015 on 18 March 2016, it is the Directors' view that the ability to issue new Ordinary Shares at a small premium to Net Asset Value per Ordinary Share plays an important part in ensuring that the level of premium at which the Company's Ordinary Shares trade does not reach excessive levels. In addition, growing the total assets under management through share issuance reduces the ongoing costs per Ordinary Share and potentially enhances the secondary market liquidity of the Company's Ordinary Shares, both of which are attractive to all Shareholders.

Following launch, the Company has consistently traded at a premium to Net Asset Value and accordingly, given the Company was then fully invested, the Company announced its intention on 18 March 2016 to utilise the existing shareholder authority to issue up to 10 per cent. of the Company's issued share capital, which was obtained at the Company's Annual General Meeting in May 2015, to begin issuing new Ordinary Shares. At the Company's Annual General meeting on 26 May 2016, the Company's 10 per cent. authority was renewed and in addition, with regard to the potential benefits of increasing the scale of the Company further, the Company also obtained a further shareholder authority to issue an additional 15 per cent. of the Company's issued share capital.

Subsequent to the announcement of a block listing application for 1,933,792 Ordinary Shares on 18 March 2016, the Company has issued a total of 1,707,885 new Ordinary Shares at a premium to NAV,

representing 88 per cent. of the total block listing. All such issues have been accretive to the Net Asset Value per Ordinary Share. Notwithstanding the issuance of new Ordinary Shares, the Company has traded at an average premium to NAV of 2.1 per cent. since the announcement of the block listing.

Following discussions with the Company's investment manager, Fundsmith LLP, the Board is satisfied that suitable investment opportunities are available to absorb any additional capital raised pursuant to the Placing Programme and Ordinary Shares will only be issued when this remains the case. In addition, the Board are conscious of the need to protect Shareholders from potential "cash drag", i.e. the negative impact on equity returns of having uninvested cash in a rising equity market, and therefore new Ordinary Shares will not be issued pursuant to the Placing Programme, where such share issuance would result in the Company having more than 10 per cent. of its gross assets in cash as at the date of each allotment under the Placing Programme.

Benefits of the Placing Programme

The Directors believe that the Placing Programme offers the following principal benefits:

- additional monies can be raised in a timely manner to enable the Company to take advantage of opportunities to make further investments in accordance with the Company's investment policy;
- liquidity in the market for the Ordinary Shares should be improved, making the Ordinary Shares more attractive to a wider range of investors;
- the Company's ability to issue new Ordinary Shares tactically will be improved, so as to manage better the premium to Net Asset Value per Share at which the Ordinary Shares may trade; and
- the Company can grow, thereby spreading fixed costs over a larger capital base which should reduce the level of ongoing charges per Ordinary Share.

Conditions

Each Placing Programme is conditional, *inter alia*, on the following:

- 1 the applicable Placing Programme Price being determined by the Directors, as described below;
- 2 Admission occurring in respect of the relevant issue of Ordinary Shares under the Placing Programme; and
- 3 to the extent required under the Prospectus Rules or the FSMA, a valid supplementary prospectus being published by the Company.

In circumstances where these conditions are not met, the relevant issue of Ordinary Shares pursuant to the Placing Programme will not take place.

Pricing

The Placing Programme Price will be calculated by reference to the estimated cum income NAV of each existing Ordinary Share together with a premium which will at least cover the direct costs and expenses of each Placing (including, without limitation, any placing commissions). The Directors will determine the Placing Programme Price on the basis of the prevailing market price of the Ordinary Shares and also so as to at least cover the costs and expenses of each Placing under the Placing Programme and thereby avoid any dilution of the NAV of the existing Ordinary Shares held by Shareholders. By way of illustration, based on the latest published NAV per Ordinary Share of 1,088.25p and an approximately 1.5 per cent. premium to NAV, the Placing Programme Price would be expected to be approximately 1,104.57p. The expenses indirectly borne by the investor within this illustrative issue premium are estimated at approximately 2.8p per Ordinary Share (on the assumption the full 10,000,000 Ordinary Shares are issued pursuant to the Placing Programme).

Fractions of Ordinary Shares can not be issued and placing consideration will be allocated accordingly. Where Ordinary Shares are issued, the total assets of the Company will increase by that number of

Ordinary Shares multiplied by the relevant Placing Programme Price. It is not expected that there will be any material impact on the earnings or NAV per Ordinary Share, as the net proceeds resulting from any issue are expected to be invested in investments consistent with the investment objective and policy of the Company and the Placing Programme Price is expected to represent a modest premium to the then prevailing NAV per Ordinary Share.

The Placing Programme Price in respect of Ordinary Shares will be notified via an RIS announcement as soon as practicable in conjunction with each issue.

Voting dilution

If 10,000,000 Ordinary Shares (being the maximum number of Ordinary Shares available under the Placing Programme) are issued pursuant to the Placing Programme, there would be a dilution of approximately 32 per cent. in the voting control of existing Shareholders.

Subscriber warranties

Each subscriber of Ordinary Shares in the Placing Programme and each subsequent investor in the Ordinary Shares will be deemed to have represented, warranted, acknowledged and agreed to the representations, warranties, acknowledgements and arrangements set out in section 4 of Part 8 of this Prospectus.

The Company, the Investment Manager, Investec and/or any other placing agent, and their respective directors, officers, members, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

If any of the representations, warranties, acknowledgements or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

Scaling back and allocation

The Directors are authorised to issue and allot up to 4,164,480 Ordinary Shares pursuant to the Placing Programme, with a view to seeking further shareholder authorities to issue and allot up to 10,000,000 Ordinary Shares. To the extent that commitments under the Placing Programme exceed 4,164,480 Ordinary Shares in aggregate, the Company reserves the right to scale back applications in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Placing Programme. Accordingly, applicants for Ordinary Shares may, in certain circumstances, not be allotted the number of Ordinary Shares for which they have applied.

The Company will notify investors of the number of Ordinary Shares in respect of which their application has been successful and the results of each issue under the Placing Programme will be announced by the Company via an RIS announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant.

Placing Programme arrangements

Arrangements in respect of any issue of Ordinary Shares under the Placing Programme will be entered into prior to the relevant Admission.

General

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK, (the Company and its agents (and their agents) may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of the Prospectus and prior to the date on which dealings in the last Ordinary Shares that may be issued under the Prospectus were to begin,

the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s). In the event that a supplementary prospectus is published after applications have been made in respect of a Placing but before the Admission relevant to that Placing, applicants may have a statutory right of withdrawal.

Clearing and settlement

Payment for the Ordinary Shares, in the case of the Placing Programme, should be made in accordance with settlement instructions to be provided to Placees. To the extent that any application for Ordinary Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

Ordinary Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST following each Admission. In the case of Ordinary Shares to be issued in uncertificated form pursuant to the Placing Programme, these will be transferred to successful applicants through the CREST system.

CREST

CREST is a paperless settlement procedure operated by Euroclear enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. Settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. It is expected that the Company will arrange for Euroclear to be instructed to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Ordinary Shares. The names of the subscribers or their nominees investing through CREST accounts will be entered directly on to the share register of the Company.

The transfer of Ordinary Shares out of the CREST system following an issue of Ordinary Shares under the Placing Programme should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form.

CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. An investor applying for Ordinary Shares under the Placing Programme may elect to receive Ordinary Shares in uncertificated form if such investor is a system-member (as defined in the Regulations) in relation to CREST. If a Shareholder or transferee requests Ordinary Shares to be issued in certificated form and is holding such Ordinary Shares outside CREST, a share certificate will be despatched either to him or his nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Shareholders holding definitive certificates may elect at a later date to hold such Ordinary Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

Admission and dealings

There will be no conditional dealings in Ordinary Shares prior to each Admission.

The ISIN number of the Ordinary Shares is GB00BLSNND18 and the SEDOL code is BLSNND1.

The Company does not guarantee that at any particular time market maker(s) will be willing to make a market in the Ordinary Shares, nor does it guarantee the price at which a market will be made in the Ordinary Shares. Accordingly, the dealing price of the Ordinary Shares may not necessarily reflect changes in the Net Asset Value per Ordinary Share.

The Ordinary Shares are in registered form and can also be held in uncertificated form. Prior to the dispatch of definitive share certificates in respect of any Ordinary Shares which are held in certificated form, transfers of those Ordinary Shares will be certified against the register of members of the Company. No temporary documents of title will be issued.

Use of proceeds

The Directors intend to use the net proceeds of the Placing Programme to acquire investments sourced by the Investment Manager in line with the Company's investment objective and policy and to pay ongoing operational expenses. Suitable acquisition opportunities may not be immediately available. It is likely, therefore, that for a period following each Admission and at certain other times, the Company will have surplus cash.

The net proceeds of the Placing Programme are dependent, among other things, on:

- (i) the Directors determining to proceed with an issue of Ordinary Shares under the Placing Programme;
- (ii) the level of subscriptions received; and
- (iii) the Placing Programme Price determined in respect of each Placing.

Purchase and transfer restrictions

This Prospectus may not be published, distributed or transmitted by any means or media, directly or indirectly, in whole or in part, in or into the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to acquire or subscribe securities in the United States or in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company, the Investment Manager, Investec or any other placing agent.

The Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Ordinary Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Ordinary Shares in the United States. The Ordinary Shares are being offered and sold outside the United States to non-US Persons in reliance on Regulation S.

Moreover, the Company has not been and will not be registered under the Investment Company Act and investors will not be entitled to the benefits of the Investment Company Act. No offer, purchase, sale or transfer of the Ordinary Shares may be made except under circumstances which will not result in the Company being required to register as an investment company under the Investment Company Act.

The Company has elected to impose the restrictions described above on the Placing Programme and on the future trading of the Ordinary Shares so that the Company will not be required to register the offer and sale of the Ordinary Shares under the Securities Act and will not have an obligation to register as an investment company under the Investment Company Act and related rules and also to address certain ERISA, Internal Revenue Code and other considerations.

These transfer restrictions, which will remain in effect until the Company determines in its sole discretion to remove them, may adversely affect the ability of holders of the Ordinary Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the Ordinary Shares made other than in compliance with the restrictions described above.

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), an offer of the Ordinary Shares may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of Ordinary Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of Investec; or

(iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer to the public shall result in a requirement for the Company or to publish a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

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

Any person who is in any doubt about the investment to which this Prospectus relates should consult an authorised person specialising in advising on investments.

The Company is managed by the Investment Manager which acts as the external AIFM for the purposes of the AIFM Directive. The marketing of Ordinary Shares to investors in the UK and other EEA member states is restricted and will need to be undertaken in accordance with the AIFM Directive. The Investment Manager has filed a notification with the FCA pursuant to Regulation 54 of the AIFM Regulation (which implements Article 31 of the AIFM Directive) to market the Ordinary Shares to professional investors and retail clients in the UK, but has not registered to market the Ordinary Shares in any other EEA member state.

PART 5 - UK TAXATION

Introduction

The following statements are based upon current UK tax law and current published practice of HMRC, both of which are subject to change, possibly with retrospective effect. The statements are intended only as a general guide and are not intended to be comprehensive. The statements may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes or Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment, who may be subject to special rules. They apply only to Shareholders resident for UK tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold Ordinary Shares as an investment rather than trading stock and who are the absolute beneficial owners of those Ordinary Shares.

There may be other tax consequences of an investment in the Company and all prospective investors, in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers on the potential tax consequences of subscribing for, purchasing, holding or disposing of Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

The Company

The Directors conduct the affairs of the Company in compliance with the conditions in section 1158 CTA 2010 and the Investment Trust Regulations 2011 and the Company was approved by HMRC as an investment trust on 23 June 2014 for accounting periods commencing on or after 26 June 2014. However, neither the Investment Manager nor the Directors can guarantee that this approval will be maintained.

In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax on its chargeable gains.

The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

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

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

Income arising from overseas investments may be subject to foreign withholding tax at the applicable rate of the jurisdiction in question. In the event that withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on such investments unless relief is available under the terms of an applicable double tax treaty.

Shareholders

Taxation of chargeable gains

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their Ordinary Shares. Each such individual has an annual exemption, such that capital gains tax is only chargeable on gains arising from all sources during the tax year in excess of this figure.

The annual exemption for individuals for the 2015-2016 tax year is £11,100. The Finance (No.2) Bill 2016 (which is yet to be enacted) reduced the rate of capital gains tax to a rate of 10 per cent. for basic rate taxpayers and 20 per cent. for higher and additional rate tax payers. However, the capital gains tax rate in relation to "upper rate gains" (being gains from non-residential property and carried interest) is set at 18 per cent. for basic rate taxpayers and 28 per cent. for higher and additional rate tax payers. No indexation allowance will be available to individual Shareholders.

A gain on the disposal or deemed disposal of Ordinary Shares by a shareholder within the charge to UK corporation tax will form part of the shareholder's profits chargeable to corporation tax (the rate of which is currently 20 per cent. (this rate is set to reduce to 19 per cent. from 2017 and 17 per cent. from 2020)). Indexation allowance may be available to reduce the amount of chargeable gain that is subject to corporation tax but cannot create or increase an allowable loss.

Subject to the paragraph below (dealing with temporary non-residents) shareholders who are not resident in the UK for UK tax purposes will not generally be subject to UK tax on chargeable gains, unless they carry on a trade, profession or vocation in the UK through a branch or agency or (in the case of a company) permanent establishment and the Ordinary Shares disposed of are used, held or acquired for the purposes of that branch, agency or permanent establishment. However, shareholders who are not resident in the UK may be subject to charges to foreign taxation depending on their personal circumstances.

A shareholder who is an individual, who has ceased to have sole UK residence for tax purposes in the UK for a period of less than five years and who disposes of Ordinary Shares during that period may be liable to UK taxation on capital gains (subject to any available exemption or relief). If applicable, the tax charge will arise in the tax year that the individual returns to the UK.

Taxation of dividends – individuals

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

Under current UK law, the Company will not be required to withhold tax at source when paying a dividend. UK resident individual Shareholders will be liable to income tax on the amount of any dividends received (subject to a £5,000 annual tax free dividend allowance introduced by the Finance Bill 2016 (which is yet to be enacted). Dividend receipts in excess of this annual allowance (assuming the Finance Bill 2016 is enacted) will be taxed at the rates of 7.5 per cent. for basic rate income tax payers, 32.5 per cent. for higher rate income tax payers, and 38.1 per cent. for additional rate income tax payers.

(B) "Interest distributions"

Should the Directors elect to apply the streaming regime to any dividends paid by the Company, a UK resident individual Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per cent., 40 per cent. or 45 per cent., depending on whether the Shareholder is a basic, higher or additional rate taxpayer. Such distributions would be paid to the individual Shareholder after the deduction of 20 per cent. income tax.

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

Taxation of dividends – companies

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

Subject to the discussion of "interest distributions" below, UK resident Shareholders within the charge to corporation tax will be subject to UK corporation tax on receipt of dividends, unless they fall within an exempt class of dividend and can be treated as an exempt distribution, and certain anti-avoidance rules do not apply.

(B) "Interest distributions"

If the Directors were to elect for the streaming regime to apply, and such UK resident corporate Shareholders were to receive dividends designated by the Company as interest distributions, they would be subject to corporation tax on any such amounts received.

Dividends paid by the Company to a Shareholder which is a company (whether or not UK resident) should not generally be subject to any deduction at source of UK tax (regardless of whether the dividends are designated as "interest distributions").

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

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

SIPPs and SSASs

The Directors have been advised that the Ordinary Shares should be eligible for inclusion in a UK self-invested pension plan (a "**SIPP**") or a UK small self administered scheme (a "**SSAS**"), subject to the terms of, and the discretion of the trustees (or, where applicable, the providers) of, the SIPP or the SSAS, as the case may be.

ISAs

Shares should qualify as investments which are eligible for inclusion in an Individual Savings Account ("**ISA**"). The opportunity to invest in Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 and over. Investments held in ISAs are free from UK tax on both capital gains and income. **Individuals wishing to invest in Shares through an ISA should contact their professional advisers regarding their eligibility.**

Disguised Management Fees

The Finance Act 2015 introduced new rules which apply to sums arising on or after 6 April 2015 from investment trusts and collective investment schemes to individuals if such sums constitute "disguised management fees". If the sums arising are caught by the new rules then they are taxed as UK-source trading income (to the extent that the relevant services are performed in the UK) in the hands of the individual and are subject to UK income tax. HMRC have indicated that national insurance contributions will also be due in respect of such sums.

The rules may apply in relation to the Company if sums arise to an individual from the Company, and that individual performs investment management services for the Company. Investment management services include, but are not limited to, fundraising activity, portfolio advice and portfolio management. Shareholders who perform such investment management services for the Company should take their own tax advice on the applicability of these new rules to them.

Stamp duty and stamp duty reserve tax

Transfers on sale of Shares outside of CREST will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer, rounded up to the nearest £5. The purchaser normally pays the stamp duty.

However, where the consideration for the transfer is £1,000 or less (and the instrument of transfer is certified that the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000) no stamp duty will be payable.

An agreement to transfer Shares will normally give rise to a charge to stamp duty reserve tax ("**SDRT**") at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which

the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional) any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

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

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

Financial Transactions Tax

The European Commission has made a proposal for the implementation of a financial transactions tax ("**FTT**"). Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in certain securities where at least one party is a financial institution established in a participating Member State, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including: (i) by transacting with a person established in a participating Member State; or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States, and no technical details have yet been released. Participating Member States are aiming to reach an agreement so that the FTT can be implemented from mid-2016. It may therefore be altered prior to any implementation, and additional EU Member States may decide to participate. The UK is currently not a participating Member State.

UK Inheritance Tax ("IHT")

UK domiciled individuals are chargeable to IHT in respect of property situated anywhere in the world. Individuals who are neither domiciled in the UK nor deemed domiciled in the UK for UK IHT purposes are chargeable to IHT in respect of property situated in the UK only. Applying the general principle that shares are situated where they can be effectively dealt with, registered shares are generally situated where the title of ownership is registered. Accordingly, it should be assumed that an individual Shareholder will be treated as if they owned a UK situs asset for UK IHT purposes.

Where property is regarded as situated in the UK for IHT purposes, a gift (whether to an individual, trust or otherwise) by an individual holder of such property or the death of an individual holder may (subject to certain exemptions and reliefs) give rise to a liability to IHT. This is regardless of whether or not the individual holder is domiciled in the UK for IHT purposes and whether or not the holder is resident in the UK for tax purposes. For IHT purposes, a transfer of assets at less than full market value will be treated as a gift and particular rules apply where the donor reserves or retains some interest or benefit in the property being transferred. A gift of an asset in certain circumstances is potentially exempt from IHT and falls outside the individual's estate provided that the donor lives for seven years.

PART 6 - FINANCIAL INFORMATION

1 Introduction

The Company's first accounting reference date was 31 December 2014 and audited financial statements were published by the Company on 19 March 2015 for the period from incorporation on 31 October 2013 to that date and on 18 March 2016 for the year ended 31 December 2015 (the "**Annual Reports**"). Unaudited financial statements were also published by the Company on 28 August 2015 and 2 August 2016 for the six month periods ended 30 June 2015 and 30 June 2016 respectively (the "**Interim Reports**"). The Annual Reports were audited by Deloitte LLP whose reports were unqualified and did not contain any statements under sub-section 498(2) of the Companies Act or any reference to any matters required pursuant to section 495(4)(b) of the Companies Act.

The Interim Reports were prepared in accordance with the applicable International Accounting Standards 34 and the Annual Reports were prepared in accordance with International Financial Reporting Standards adopted by the International Accounting Standards Board ("**IASB**") and interpretations issued by the International Financial Reporting Interpretations Committee ("**IFRC**") of the IASB (together "**IFRS**") as adopted by the European Union, the requirements of the Companies Act applicable to companies reporting under IFRS, and the Listing Rules.

2 Historical Financial Information

The historical financial information of the Company included in the Annual Reports and the Interim Reports is incorporated by reference in this Prospectus in the table below. The non-incorporated parts of this financial information of the Company are either not relevant to investors or covered elsewhere in this Prospectus.

	<i>Annual Report for the period from incorporation on 31 October 2013 to 31 December 2014</i>	<i>Interim Report for the six month period ended 30 June 2015</i>	<i>Annual Report for the year ended 31 December 2015</i>	<i>Interim Report for the six month period ended 30 June 2016</i>
	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>	<i>Page No.</i>
Financial highlights	3	3	3	3
Chairman's statement	4-5	4	4-5	4-5
Strategic report	6-18	-	6-18	-
Investment Manager's report	13-15	6-9	13-15	7-9
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Statement of comprehensive income	41	13	44	13
Statement of financial position	42	15	45	15
Statement of cash flows	44	16	47	16
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Independent auditor's report	38-40	-	38-43	-
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The documents incorporated by reference can be obtained from the Company's website, www.feetplc.co.uk.

3 Operating and Financial Review

A description of the 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", "Strategic Report", "Report of the Directors" and "Investment Portfolio" in the Annual Reports and the sections headed "Chairman's Statement", "Interim Management Report" and "Investment Portfolio" in the Interim Reports on the pages specified in the table in paragraph 2 above.

4 Significant Change

There have been no significant changes in the financial condition or operating results of the Company during or subsequent to the periods covered by the Annual Reports and the Interim Reports and since 30 June 2016 (being the end of the last financial period of the Company for which financial information has been published prior to the publication of this Prospectus).

PART 7 - ADDITIONAL INFORMATION

1 The Company

- (a) The Company was incorporated and registered in England and Wales on 31 October 2013 with registered number 08756681 as a public company limited by shares with the name FEEIT plc. The Company changed its name to Fundsmith Emerging Equities Trust plc on 30 December 2013. The Company is not authorised or regulated as a collective investment scheme by the Financial Conduct Authority, however it is subject to the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules. The principal legislation under which the Company operates and under which the Ordinary Shares have been and will be issued is the Companies Act. The Company does not have any subsidiaries.
- (b) The registered office of the Company is at 33 Cavendish Square, London W1G 0PW and the telephone number of the Company is +44 (0) 20 3551 6339.
- (c) The registrars of the Company are Capita Asset Services. The Registrar is responsible for maintaining the register of members of the Company.

2 Share and loan capital of the Company

- (a) On incorporation, the issued share capital of the Company was 50,000 Ordinary Shares, paid up in full, at a subscription price of 100 pence per share, two of which were subscribed by Terry Smith and 49,998 were subscribed by the Investment Manager. On 22 May 2014, Terry Smith acquired 49,998 Ordinary Shares from the Investment Manager for the full subscription price.
- (b) On 25 June 2014, the Company allotted and issued 19,287,921 Ordinary Shares pursuant to the First Issue at a placing price of £10 per share (the "**First Issue Price**").
- (c) Terry Smith made a capital contribution to the Company of £450,000 immediately following the First Issue in respect of the 50,000 Ordinary Shares already owned by him as at that date to cover the difference in price at which the subscriber shares were issued to, or acquired by, Terry Smith (as applicable) (namely 100 pence per subscriber share) and the First Issue Price and to therefore ensure that Terry Smith had subscribed for Ordinary Shares on the same terms as Shareholders who subscribed for Ordinary Shares pursuant to the First Issue.
- (d) The Company cancelled its share premium account as at 3 September 2014 by special resolution which was confirmed by an order of the High Court of Justice, thereby crediting its capital reserve account with £192.3 million.
- (e) On 18 March 2016, the Company announced that application had been made to the UK Listing Authority and to the London Stock Exchange for a block listing of 1,933,792 Ordinary Shares to be admitted to the Official List and to trading on the main market of the London Stock Exchange and that any Ordinary Shares issued pursuant to such block listing facility would be issued subject to the terms and conditions set out in the appendix to that RIS announcement. The Company obtained authority for the block listing on 21 March 2016 (the "**Block Listing Authority**").
- (f) Since the First Issue, pursuant to the Block Listing Authority and to shareholder authority obtained at the annual general meeting of the Company held on 26 May 2015 to issue up to 10 per cent. of the Company's issued share capital as at the date of notice convening such meeting, the Company has allotted and issued the following Ordinary Shares, all of which were, at the time of allotment becoming wholly unconditional, traded on the London Stock Exchange's main market for listed securities:

Date	Number Allotted	Price per share (p) / total raised	Cumulative Total
23 March 2016	100,000	966.25 / £966,250.00	19,437,921
24 March 2016	102,880	972.00 / £999,993.60	19,540,801
5 April 2016	382,611	978.25 / £3,742,892.12	19,923,412
20 April 2016	170,500	1,005.00 / £1,713,525.00	20,093,912
26 April 2016	100,000	973.50 / £973,500.00	20,193,912
3 May 2016	181,894	963.50 / £1,752,548.69	20,375,806
27 May 2016	100,000	965.25 / £965,250.00	20,475,806
21 June 2016	140,000	953.50 / £1,334,900.00	20,615,806
2 August 2016	105,000	1100.75 / £1,155,787.50	20,720,806
10 August 2016	100,000	1,141.00 / £1,141,000.00	20,820,806
22 August 2016	125,000	1,136.50 / £1,420,625.00	20,945,806
26 August 2016	100,000	1,106.50 / £1,106,500.00	21,045,806

- (g) The issued share capital of the Company as at the date of this Prospectus is 21,045,806 Ordinary Shares (all of which are fully paid-up). If the maximum number of Ordinary Shares available under the Placing Programme are issued, the issued share capital of the Company immediately following 30 August 2017 (being the date 12 months from the date of the Prospectus and the last date on which Ordinary Shares may be issued under the Placing Programme), or such earlier date on which the authority to issue the maximum number of Ordinary Shares pursuant to the Placing Programme is fully utilised, will be 31,045,806 (all of which will be fully paid up).
- (h) By ordinary and special resolutions passed at the annual general meeting of the Company on 26 May 2016 it was resolved:
- (i) that the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £19,337.92 (being 10 per cent. of the issued share capital of the Company at the date of the notice convening the meeting at which such resolution was proposed) and representing 1,933,792 shares of 1 penny each, such authority (a) to only be used to issue new shares for a price (after taking into account the costs of issue) which represents a premium to the Company's latest cum-income net asset value per share (as announced through a Regulatory Information Service) and (b) to expire at the conclusion of the annual general meeting of the Company to be held in 2017 or 26 August 2017, whichever is the earlier, unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of relevant securities in pursuance of such an offer or agreement as if such authority had not expired;
- (ii) that, in addition to the authority described in paragraph 2(h)(i) above, the Directors were generally and unconditionally authorised in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £29,006.88 (being 15 per cent. of the issued share capital of the Company at the date of the notice convening the meeting at which such resolution was proposed) and representing 2,900,688 shares of 1 penny each, provided that such authority such authority is only used to issue new shares for a price (after taking into account the costs of the issue) which represents a premium to the Company's latest cum-income net

asset value per share (as announced through a Regulatory Information Service) and the number of Ordinary Shares in issue at the date of that announcement (the "**NAV**"), and shall (a) not be exercisable on any date when the Company is holding cash which, together with the net proceeds of issue of such equity securities under this authority, would amount to a sum in excess of 10 per cent. of the NAV, and (b) expire at the conclusion of the annual general meeting of the Company to be held in 2017 or 26 August 2017, whichever is the earlier, unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of relevant securities in pursuance of such an offer or agreement as if such authority had not expired;

- (iii) that the Directors were empowered (pursuant to sections 570 and 573 of the Companies Act) to allot equity securities (within the meaning of section 560 of the Companies Act) for cash pursuant to the authority referred to in paragraph 2(h)(i) above as if section 561(1) of the Companies Act did not apply to any such allotment, and to sell relevant shares (within the meaning of section 560 of the Companies Act) for cash as if section 561(1) of the Companies Act did not apply to any such sale, provided that such power is limited to the allotment of equity securities pursuant to:
- (a) an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 1 penny each the Company ("**Shares**") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and
 - (b) (otherwise than pursuant to sub-paragraph (a) above) an offer or offers of equity securities of up to an aggregate nominal value of £19,337.92,

and expires at the conclusion of the next annual general meeting of the Company after the passing of such resolution or 26 August 2017, whichever is the earlier, unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of relevant securities in pursuance of such an offer or agreement as if such authority had not expired;

- (iv) that, in addition to the authority described in paragraph 2(h)(iii) above, the Directors were empowered (pursuant to sections 570 and 573 of the Companies Act) to allot equity securities (within the meaning of section 560 of the Companies Act) for cash pursuant to the authority referred to in paragraph 2(h)(ii) above as if section 561(1) of the Companies Act did not apply to any such allotment, and to sell relevant shares (within the meaning of section 560 of the Companies Act) for cash as if section 561(1) of the Companies Act did not apply to any such sale, provided that such power is limited to the allotment of equity securities pursuant to an offer or offers of equity securities of up to an aggregate nominal value of £29,006.88 and expires at the conclusion of the next annual general meeting of the Company after the passing of such resolution or 26 August 2017, whichever is the earlier, unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of relevant securities in pursuance of such an offer or agreement as if such authority had not expired;
- (v) to authorise the Company generally and unconditionally for the purpose of section 701 of the Companies Act to make market purchases (as defined in section 693(4) of the Companies Act) of Ordinary Shares for cancellation, provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased under the authority is 2,898,754 Ordinary Shares (representing approximately 14.99 per cent. of the issued share capital of the Company at the date of the notice convening the meeting at which such resolution was proposed);
 - (b) the minimum price (exclusive of expenses) which may be paid for such Ordinary Shares is 1 pence per share, being the nominal amount thereof;
 - (c) the maximum price (exclusive of expenses) which may be paid for such Ordinary Shares is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of the price of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange as stipulated by Article 5(1) of the Buyback and Stabilisation Regulations;
 - (d) the authority will (unless previously renewed or revoked) expire at the conclusion of the annual general meeting of the Company to be held in 2017 or, if earlier, on 26 August 2017 unless the authority is renewed prior to such time; and
 - (e) the Company may make a contract to purchase its own Ordinary Shares under the authority conferred by such resolution prior to the expiry of the authority, and such contract will or may be executed wholly or partly after the expiry of the authority, and the Company may make a purchase of its own Ordinary Shares in pursuance of any such contract.
- (i) As at the date of this Prospectus, the Directors have Shareholder authority to allot 4,164,480 Ordinary Shares and are expected to resolve to allot Ordinary Shares pursuant to this authority shortly prior to each Admission. Should the Directors wish to issue and allot new Ordinary Shares in excess of this amount, up to the maximum 10,000,000 Ordinary Shares under the Placing Programme, further Shareholder authorities will be sought by convening one or more general meeting(s) for this purpose.
 - (j) The provisions of section 561(1) of the Companies Act (to the extent not disapplied pursuant to sections 570-571 of the Companies Act) confer on Shareholders certain rights of pre-emption in respect of the allotment of equity securities (as defined in section 560 of the Companies Act) which are, or are to be, paid up in cash and will apply to any shares to be allotted by the Directors, except to the extent disapplied by the resolutions referred to in paragraph 2(h) above.
 - (k) No share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option.
 - (l) Ordinary Shares issued pursuant to the Placing Programme will be listed on the Official List and will be traded on the London Stock Exchange's main market for listed securities. The Ordinary Shares are not listed or traded on, and no application has been or is being made for the admission of the Ordinary Shares to listing or trading on, any other stock exchange or securities market.
 - (m) Ordinary Shares issued pursuant to the Placing Programme will be issued in registered form and will be capable of being held in uncertificated form and title to such Ordinary Shares may be transferred by means of a relevant system (as defined in the Regulations). Where the Ordinary Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 Business Days of the completion of the registration process or transfer, as the case may be, of the Ordinary Shares. Where Ordinary Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 33 of this Prospectus, maintains a register of Shareholders holding their Ordinary Shares in CREST.

- (n) Both the Companies Act and the Listing Rules allow for disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. As set out in 2(h)(iii) and (iv) above, the Company has disapplied these pre-emption rights in respect of a defined number of Ordinary Shares until the next annual general meeting of the Company or 26 August 2017, whichever is the earlier.
- (o) Each new Ordinary Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Ordinary Share, as set out in the Articles. The Ordinary Shares issued pursuant to the Placing Programme will be denominated in Sterling.

3 **Articles of association**

The Articles contain provisions, *inter alia*, to the following effect:

(a) **Voting rights**

Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative and every proxy (regardless of the number of members for whom he is proxy) shall have one vote on a show of hands. On a poll, every shareholder present in person or by proxy shall have one vote for every Ordinary Share of which he is the holder.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

A shareholder is not entitled to vote unless all calls due from him have been paid.

A shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Companies Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice), is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

(b) **General meetings**

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call a general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 days' written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the business of the meeting and (iv) any intention to propose a resolution as a special resolution. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each Director can attend and speak at any general meeting.

(c) **Dividends**

Subject to the Companies Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Subject to the Companies Act, the Board may from time to time pay to the shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of shares the right to elect to receive additional shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.

The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class (calculated exclusive of treasury shares) after there has been a failure to comply with any notice under section 793 of the Companies Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 3(a) above.

(d) ***Return of capital***

On a voluntary winding-up of the Company the liquidator may, with the sanction of a special resolution of the Company and subject to the Companies Act and the Insolvency Act 1986 (as amended), divide amongst the shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

(e) ***C Shares and Deferred Shares***

The Articles permit the Directors to issue C Shares on the following terms. Defined terms used in this paragraph are set out at the end of the paragraph.

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

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

- (b) The holders of the Ordinary Shares, the C Shares and the Deferred Shares shall, subject to the provisions of the Articles, have the following rights as to capital: the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when any C Shares are for the time being in issue and prior to the Conversion Date be applied amongst the holders of the Existing Ordinary Shares pro rata according to the nominal capital paid up on their holdings of Existing Ordinary Shares, after having deducted therefrom an amount equivalent to (C-D) using the methods of calculation of C and D given in the definition of Conversion Ratio, which amount shall be applied amongst the C shareholders pro rata according to the nominal capital paid up on their holdings of C Shares. For the purposes of this paragraph (b): (a) the Calculation Date shall be such date as the liquidator may determine; and (b) the surplus capital and assets of the Company shall on a winding-up or on a return of capital (otherwise than on a purchase by the Company of any of its shares) at a time when no C Shares are for the time being in issue be applied as follows: (i) first, if there are Deferred Shares in issue, in paying to the deferred shareholders one pence in aggregate in respect of every one million Deferred Shares (or part thereof) of which they are respectively the holders; and (ii) secondly, the surplus shall be divided amongst the ordinary shareholders pro rata according to the nominal capital paid up on their holdings of Ordinary Shares.
- (c) As regards voting: (a) the C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as that applying to holders of Existing Ordinary Shares as set out in the Articles as if the C Shares and Existing Ordinary Shares were a single class; and (b) the Deferred Shares shall not carry any right to receive notice of nor to attend or vote at any general meeting of the Company.
- (d) The following shall apply to the Deferred Shares: (a) the C Shares shall be issued on such terms that the Deferred Shares arising upon Conversion (but not the Ordinary Shares arising on Conversion) may be repurchased by the Company in accordance with the terms set out herein; (b) immediately upon Conversion, the Company shall repurchase all of the Deferred Shares which arise as a result of Conversion for an aggregate consideration of one pence for every 1,000,000 Deferred Shares and the notice referred to in paragraph (g)(b) below shall be deemed to constitute notice to each C Shareholder (and any person or persons having rights to acquire or acquiring C Shares on or after the Calculation Date) that the Deferred Shares shall be repurchased immediately upon Conversion for an aggregate consideration of one pence for each holding of 1,000,000 Deferred Shares. On repurchase, each Deferred Share shall be treated as cancelled in accordance with section 706 of the Act without further resolution or consent; and (c) the Company shall not be obliged to: (i) issue share certificates to the deferred shareholders in respect of the Deferred Shares; or (ii) account to any deferred shareholder for the repurchase moneys in respect of such Deferred Shares.
- (e) Without prejudice to the generality of the Articles, for so long as any C Shares are for the time being in issue it shall be a special right attaching to the Existing Ordinary Shares as

a class and to the C Shares as a separate class that without the sanction or consent of such holders given in accordance with the Company's Articles: (a) no alteration shall be made to the Articles of the Company; (b) no allotment or issue will be made of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the allotment or issue of further C Shares; and (c) no resolution of the Company shall be passed to wind-up the Company.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of Existing Ordinary Shares and C Shares, as described above, shall not be required in respect of: (a) the issue of further Ordinary Shares ranking *pari passu* in all respects with the Existing Ordinary Shares (otherwise than in respect of any dividend or other distribution declared, paid or made on the Existing Ordinary Shares by the issue of such further Ordinary Shares); or (b) the sale of any shares held as treasury shares (as such term is defined in section 724 of the Act) in accordance with sections 727 and 731 of the Act or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

- (f) For so long as any C Shares are for the time being in issue, until Conversion of such C Shares and without prejudice to its obligations under applicable laws the Company shall: (a) procure that the Company's records, and bank and custody accounts shall be operated so that the assets attributable to the C Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall, without prejudice to any obligations pursuant to applicable laws, procure that separate cash accounts, broker settlement accounts and investment ledger accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares; (b) allocate to the assets attributable to the C Shares such proportion of the income, expenses and liabilities of the Company incurred or accrued between the date on which the Company first receives the Net Proceeds and the Calculation Date relating to such C Shares (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares; and (c) give appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.
- (g) The C Shares for the time being in issue shall be sub-divided and converted into Ordinary Shares and Deferred Shares on the Conversion Date in accordance with the following provisions of this paragraph (g):
- (a) the Directors shall procure that within 10 Business Days of the Calculation Date: (i) the Conversion Ratio as at the Calculation Date and the numbers of Ordinary Shares and Deferred Shares to which each C Shareholder shall be entitled on Conversion shall be calculated; and (ii) the Auditors shall be requested to confirm that such calculations as have been made by the Company have, in their opinion, been performed in accordance with the Articles and are arithmetically accurate whereupon such calculations shall become final and binding on the Company and all holders of the Company's shares and any other securities issued by the Company which are convertible into the Company's shares, subject to the proviso immediately after the definition of H below.
- (b) The Directors shall procure that, as soon as practicable following such confirmation and in any event within 10 Business Days of the Calculation Date, a notice is sent to each C shareholder advising such shareholder of the Conversion Date, the Conversion Ratio and the numbers of Ordinary Shares and Deferred Shares to which such C shareholder will be entitled on Conversion.
- (c) On Conversion each C Share shall automatically subdivide into 10 conversion shares of 0.1 pence each and such conversion shares of 0.1 pence each shall automatically convert into such number of Ordinary Shares and Deferred Shares as shall be necessary to ensure that, upon such Conversion being completed:

- (I) the aggregate number of Ordinary Shares into which the same number of conversion shares of 0.1 pence each are converted equals the number of C Shares in issue on the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole Ordinary Share).
 - (II) each conversion share of 0.1 pence which does not so convert into an Ordinary Share shall convert into one Deferred Share.
- (d) The Ordinary Shares and Deferred Shares arising upon Conversion shall be divided amongst the former C shareholders pro rata according to their respective former holdings of C Shares (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to Ordinary Shares and Deferred Shares arising upon Conversion including, without prejudice to the generality of the foregoing, selling any Ordinary Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company).
 - (e) Forthwith upon Conversion, the share certificates relating to the C Shares shall be cancelled and the Company shall issue to each former C Shareholder new certificates in respect of the Ordinary Shares which have arisen upon Conversion to which he or she is entitled. Share certificates in respect of the Deferred Shares will not be issued.
 - (f) The Directors may make such adjustments to the terms and timing of Conversion as they in their discretion consider are fair and reasonable having regard to the interests of all Shareholders.

The following definitions are only relevant for the purpose of the foregoing:

"Calculation Date" means the earliest of the:

- (a) close of business on the date to be determined by the Directors occurring not more than 10 Business Days after the day on which the Investment Manager shall have given notice to the Directors that at least 90 per cent. of the Net Proceeds (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested; or
- (b) close of business on the date falling nine calendar months after the allotment of the C Shares or if such a date is not a Business Day the next following Business Day; or
- (c) close of business on the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent;

"Conversion" means conversion of the C Shares into Ordinary Shares and Deferred Shares in accordance with paragraph (g) above;

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

"Conversion Ratio" means the ratio of the net asset value per C Share to the net asset value per Ordinary Share, which is calculated as:

$$\text{Conversion Ratio} = \frac{A}{B}$$

$$A = \frac{C - D}{B}$$

$$B = \frac{E - C - G + D}{H}$$

and where:

C is the aggregate value of: (a) the value of the investments of the Company attributable to the C Shares; and (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company attributable to the C Shares (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

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

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

F is the aggregate value of: (a) value of all the investments of the Company; and (b) the amount which, in the Directors' opinion, fairly reflects, on the Calculation Date, the value of the current assets of the Company (excluding the investments valued under (a) above but including cash and deposits with or balances at a bank and including any accrued income less accrued expenses and other items of a revenue nature);

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

H is the number of Ordinary Shares in issue on the Calculation Date (excluding any Ordinary Shares held in treasury),

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

"Deferred Shares" means deferred shares of 0.1 pence each in the capital of the Company arising on Conversion;

"Existing Ordinary Shares" means the Ordinary Shares in issue immediately prior to Conversion;

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

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

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

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

(f) ***Transfer of shares***

The Ordinary Shares are in registered form.

The Articles provide for shares to be held in CREST accounts, or through another system for holding shares in uncertificated form, such shares being referred to as "Participating Securities". Subject to such of the restrictions in the Articles as shall be applicable, any member may transfer all or any of his shares. In the case of shares represented by a certificate ("Certificated Shares") the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.

The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.

The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any instrument of transfer of shares, all or any of which are not fully paid.

The Board may also refuse to register a transfer unless:

- (i) in the case of a Certificated Share, the duly stamped instrument of transfer (if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
- (ii) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and
- (iii) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.

In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.

The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph (i) (*Disclosure of interests in shares*) below) unless the shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:

- (i) a transfer in connection with a bona fide sale of the beneficial interest in any shares to any person who is unconnected with the shareholder and with any other person appearing to be interested in the share;
- (ii) a transfer pursuant to the acceptance of an offer made to all the Company's shareholders or all the shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or
- (iii) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the United Kingdom on which the Company's shares are normally traded.

If at any time the holding or beneficial ownership of any shares in the Company by any person (whether on its own or taken with other shares), in the opinion of the Directors: (i) would cause the assets of the Company to be treated as "plan assets" of any benefit plan investor under Section 3(42) of ERISA or the US Code; (ii) would or might result in the Company and/or its shares and/or any of its appointed investment managers or investment advisers being required to be registered or qualified under the US Investment Company Act and/or the US Investment Advisers Act of 1940 and/or the US Securities Act and/or the US Exchange Act and/or any similar legislation (in any jurisdiction) that regulates the offering and sale of securities; (iii) may cause the Company not to be considered a "Foreign Private Issuer" under the US Exchange Act; (iv) may cause the Company to be a "controlled foreign corporation" for the purpose of the US Code; or (v) may cause the Company to become subject to any withholding tax or reporting obligation under FATCA or any similar legislation in any territory or jurisdiction, or to be unable to avoid or reduce any such tax or to be unable to comply with any such reporting obligation (including by reason of the failure of the shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligation), then the Board may declare the Shareholder in question a "Non-Qualified Holder" and the Board may require that any shares held by such Shareholder ("Prohibited Shares") shall (unless the Shareholder concerned satisfies the Board that he is not a Non-Qualified Holder) be transferred to another person who is not a Non-Qualified Holder, failing which the Company may itself dispose of such Prohibited Shares at the best price reasonably obtainable and pay the net proceeds to the former holder.

(g) ***Variation of rights***

Subject to the Companies Act, all or any of the rights attached to any class of share may (unless otherwise provided by the terms of issue of shares of that class) be varied (whether or not the Company is being wound up) either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one-third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled, on a poll, to one vote for every share of the class held by him. Except as mentioned above, such rights shall not be varied.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

(h) ***Share capital and changes in capital***

Subject to and in accordance with the provisions of the Companies Act, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued on terms that they are, at the option of the Company

or a member liable, to be redeemed on such terms and in such manner as may be determined by the Board (such terms to be determined before the shares are allotted).

Subject to the provisions of the Articles and the Companies Act, the power of the Company to offer, allot and issue any new shares in the Company and any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. The resolution may determine that, as between the holders of shares resulting from the subdivision, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.

(i) ***Disclosure of interests in shares***

Section 793 of the Companies Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a "disenfranchisement notice"). The disenfranchisement notice will state that the identified shares no longer give the shareholder any right to attend or vote at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings.

Once the disenfranchisement notice has been given, if the Directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.

The Articles do not restrict in any way the provisions of section 793 of the Companies Act.

(j) ***Non-UK shareholders***

Shareholders with addresses outside the United Kingdom are not entitled to receive notices from the Company unless they have given the Company an address within the United Kingdom at which such notices shall be served.

(k) ***Untraced shareholders***

Subject to various notice requirements, the Company may sell any of a shareholder's shares in the Company if, during a period of 12 years, at least three dividends on such shares have become payable and no dividend has been claimed during that period in respect of such shares and the Company has received no communication from such shareholder.

(l) ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party provided that the Board shall restrict the borrowings of the Company, and exercise all powers of control exercisable by the Company in relation to its subsidiaries, so as to secure (in relation to its subsidiaries so far as the Board is able) that the aggregate amount for the time being of all borrowings by the Company shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 1000 times the adjusted capital and reserves of the Company.

These borrowing powers may be varied by an alteration to the Articles which would require a special resolution of the shareholders.

(m) **Directors**

Subject to the Companies Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.

The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Companies Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board's normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.

Save as mentioned below, a Director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:

- (i) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
- (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning his being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;
- (iv) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in 1 per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- (v) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and
- (vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the Directors or for persons who include Directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, Directors.

The Directors shall be paid such remuneration by way of fees for their services as may be determined by the Board, save that, unless otherwise approved by ordinary resolution of the Company in general meeting, the aggregate amount of such fees of all Directors shall not exceed £250,000 per annum. The Directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

The Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Companies Act. Subject to sections 205(2) to (4) of the Companies Act, the Company may provide a Director with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a Director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority and indemnify a Director in connection with the Company's activities as a trustee of a pension scheme.

The Directors are obliged to retire by rotation and are eligible for re-election at the third annual general meeting after the annual general meeting at which they were elected. Any non-executive Director who has held office for nine years or more is subject to re-election annually. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election.

There is no age limit for Directors.

Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than 2 nor more than 10 in number.

(n) ***Redemption***

The Ordinary Shares are not redeemable.

(o) ***Electronic communication***

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

The above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described in paragraph 15 below.

4 Mandatory bids and compulsory acquisition rules relating to the Ordinary Shares

(a) **Mandatory bid**

The City Code on Takeovers and Mergers applies to the Company. Under Rule 9 of the City Code, if:

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

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

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

(b) **Compulsory acquisition**

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

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

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

5 **Information on the Directors**

- (a) Details of the names of companies and partnerships (excluding directorships of the Company) of which the Directors are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Prospectus:

Name	Current directorships/partnerships	Past directorships/partnerships
David Martin Bralsford	J.W.Galloway Limited National Motor Museum Trading Limited LFH International Limited and subsidiaries Blue Coast Properties plc Blue Coast Managers Limited Blue Coast (GP) Limited BCPH Limited A. de Gruchy & Co. Ltd.	Record Currency Management (Jersey) Ltd Albion Prime VCT plc (formerly Albion Protected VCT plc) V Realisation Limited (formerly Versatus Ltd) Eisvogel GP Limited Canaccord Genuity Wealth (International) Ltd The Stanley Gibbons Group plc

Name	Current directorships/partnerships	Past directorships/partnerships
	Camper and Nicholsons Marina Investments Limited	
	Grand Harbour Marina p.l.c.	
	Rockayne Limited	
	Rockayne Holdings Limited	
	Rockayne (Jersey) Limited	
	Channel Island Lines (Guernsey) Limited	
	Channel Island Lines (UK) Limited	
	Marbral Limited	
	Marbral Advisory Ltd	
	Waterglade Limited	
	Cornue Ltd (formerly Gladewater Ltd)	
	Boxgreen Limited	
	Dirac Limited	
	Gerimar Limited	
	Magean Limited	
	Compass Partners International Jersey Limited	
	Compass Partners Investments Topco Limited	
	Compass Partners Investments Master GP Limited	
	Compass Partners Investments Co-Invest GP Limited	
	Penguin Investments GP Limited	
	Infinitas Manco Limited	
David Roger William Potter	Gresham House Strategic plc (formerly Spark Ventures plc) Illustrated London News Limited Vantis plc (in liquidation)	Maven Income & Growth VCT4 plc Ortus VCT (liquidated) Quercus Publishing plc
John Strathmore Spencer	tpSEF Inc.	

(b) None of the Directors:

- (i) has any convictions in relation to fraudulent offences for at least the previous five years; or
- (ii) has been declared bankrupt or been a director or member of the administrative, management or supervisory body of a company or a senior manager of a company at the time of any receivership or liquidation for at least the previous five years; or

- (iii) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

6 Directors' and others' interests

- (a) As at the date of this Prospectus and immediately following Admission, other than as disclosed in this paragraph 6(a), there are no interests of any Director, including any connected person of any Director, the existence of which is known to, or could with reasonable diligence be ascertained by, that Director whether or not held through another party, in the ordinary share capital of the Company or any options in respect of such capital.

Name	Number of Ordinary Shares	Total issue price (£)	Percentage of issued share capital(%)
Martin Bralsford	100,000	1,000,000	0.48
David Potter	12,214	128,814.30	0.06
John Spencer	5,000	50,000	0.02

- (b) As at the date of this Prospectus, in so far as is known to the Company, the following partners of the Investment Manager held the following Ordinary Shares in the Company:

Name	Number of Ordinary Shares	Percentage of issued share capital(%)
Terry Smith	500,000	2.39
Simon Godwin	25,000	0.12
Mark Laurence	10,000	0.05

- (c) The voting rights of the Company's Shareholders are the same in respect of each Ordinary Share held.
- (d) As at the date of this Prospectus, in so far as is known to the Company, the following persons held directly or indirectly 3 per cent. or more of the Company's voting rights:

Name	Number of voting rights held	% of voting rights held
Simon Dixon	2,000,000	9.50
Duncan Cameron	1,000,000	4.75

Save as set out in this paragraph (d), the Company is not aware of any person who holds as shareholder (within the meaning of the Disclosure and Transparency Rules), directly or indirectly, 3 per cent. or more of the voting rights of the Company. As at the date of this Prospectus, the Company is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

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

- (e) The Directors are in addition to the Company, directors/partners of the companies listed in paragraph 5 of this Part 7. The Articles contain provisions whereby a Director shall not vote *inter alia* in respect of any matter in which he has, directly or indirectly, any material interest. Save in relation

to the directorships listed in paragraph 5 of this Part 7, there are no potential conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

7 **Directors' appointments**

Under the terms of their appointments as non-executive Directors of the Company, each Director is entitled to an annual fee of £20,000 per annum. The Chairman is paid a further £5,000 per annum in addition to this amount. The Directors may elect to apply the cash amount equal to their annual fee to subscribe for or purchase Ordinary Shares. The Directors hold their office in accordance with the Articles and their appointment letters. No Director has a service contract with the Company, nor are any such contracts proposed. The retirement, disqualification and removal provisions relating to the Directors (in their capacity as directors) are summarised in paragraph 3(m) of this Part 7.

8 **Employees**

The Company does not have any employees.

9 **Material contracts and related party transactions**

(a) The following are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material to the Company or have been entered into by the Company at any time and contain a provision under which the Company has any obligation or entitlement which is material to the Company at the date of this Prospectus:

- (i) A placing agreement dated 31 August 2016 (the "**Placing Agreement**") between the Company, the Investment Manager and Investec pursuant to which Investec agreed to act as sponsor, financial adviser and corporate broker in connection with the publication of the Prospectus and the Placing Programme.

In consideration for the provision of its services under the Placing Agreement, Investec is entitled to (a) a commission in respect of each Placing based on the gross issue proceeds of each Placing; and (b) a corporate finance fee of £50,000 in relation to the Placing Programme. In addition, Investec is entitled to be reimbursed for its reasonable out-of-pocket expenses incurred in connection with the Placing Agreement and its services thereunder.

The Company and the Investment Manager have given warranties to Investec concerning, inter alia, the accuracy of the information contained in this Prospectus. The Company has also given an indemnity to Investec. The warranties given by the Company and the Investment Manager and the indemnities given by the Company are standard for an agreement of this nature.

The Placing Agreement may be terminated by the Company on 30 days' notice and may be immediately terminated by either party in certain circumstances such as material breach of the Placing Agreement or any of the warranties contained in it.

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

- (ii) A placing agreement dated 18 March 2016 entered into between the Company, the Investment Manager and Investec, pursuant to which, subject to certain conditions, Investec agreed to use its reasonable endeavours to procure purchasers for up to £1,933,792 Ordinary Shares to be issued pursuant to the block listing facility described in paragraphs 2(e) and (f) of this Part 7. In consideration for its services under such agreement, Investec received from the Company a placing commission together with reimbursement for all out-of-pocket expenses incurred by it in connection with the issue of Ordinary Shares under the block listing facility. Pursuant to such agreement, the Company

and the Directors have given certain customary warranties, and the Company and the Investment Manager have provided customary indemnities, to Investec.

- (iii) A placing and offer agreement dated 28 May 2014 (the "**Placing and Offer Agreement**") entered into by the Company, each of the Directors, the Investment Manager and Investec pursuant to which, subject to certain conditions, Investec agreed to act as sponsor in respect of the First Issue and to use its reasonable endeavours to procure purchasers for the Ordinary Shares issued pursuant to the First Issue.

In consideration for their services under the Placing and Offer Agreement, Investec received from the Company a corporate finance fee and placing commission together with reimbursement for all out-of-pocket expenses incurred by it in connection with the First Issue.

Pursuant to the Placing and Offer Agreement, the Company and the Directors gave certain customary warranties (subject in the case of the Directors to certain agreed caps), and the Company and the Investment Manager provided customary indemnities, to Investec.

- (iv) An agreement ("**Investment Management Agreement**") dated 27 May 2014 between the Company and the Investment Manager whereby the Investment Manager is appointed to act as investment manager of the Company. The Investment Manager provides customary services of a discretionary investment manager that is also the appointed AIFM of the Company. The Company has consented to the Investment Manager delegating certain valuation services to the Administrator; however, the Investment Manager remains liable to the Company for such delegated services.

The Investment Manager is entitled to receive an annual fee from the Company of 1.25 per cent. of Net Asset Value (the "**Management Fee**"). The Investment Manager is entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred on behalf of the Company.

The Investment Management Agreement may be terminated by either party on twelve months' notice and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. The Company has agreed to indemnify the Investment Manager for losses that the Investment Manager may incur in the performance of its duties pursuant to the Investment Management Agreement or otherwise in connection with the Company's activities that are not attributable to, *inter alia*, a material breach of the Investment Management Agreement by, or the negligence, fraud, wilful default or bad faith of, the Investment Manager.

- (v) An agreement ("**Accounting and Administration Services Agreement**") dated 27 May 2014 between the Company, the Investment Manager and the Administrator whereby the Administrator is appointed to act as administrator of the Company. The Investment Manager provides customary services of a discretionary investment manager that is also appointed as an AIFM to the Company. Under the terms of the Accounting and Administration Services Agreement, the Investment Manager delegates the performance of certain valuations services to the Administrator, however the Investment Manager remains liable to the Company for such delegated services.

The Administrator receives an annual fee from the Company calculated by reference to the Company's NAV as follows: an amount equal to the aggregate of (i) four basis points of the NAV of the Company up to £100 million; (ii) three basis points of the NAV of the Company between £100 million and £400 million; and (iii) two basis points of the NAV of the Company in excess of £400 million. In addition a further fee of £1,500 per annum is payable in respect of the tax reporting services provided by the Administrator and a minimum fee of £25,000 per annum has been payable by the Company to the Administrator since the end of the Company's first financial year. The Administrator is also entitled to reimbursement of all out

of pocket costs, expenses and charges reasonably and properly incurred on behalf of the Company.

The Accounting and Administration Services Agreement may be terminated by either party on 180 days' notice and may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. Pursuant to the Accounting and Administration Agreement, the Company has provided certain customary indemnities in favour of the Administrator.

- (vi) An agreement ("**Company Secretarial Agreement**") dated 27 May 2014 between the Company and the Company Secretary whereby the Company Secretary is appointed to act as company secretary of the Company.

The Company Secretary is entitled to an annual fee of £85,000 (plus VAT) and to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred and documented on behalf of the Company.

The Company Secretarial Agreement may be terminated by either party on six months' notice and may be immediately terminated by the Company in certain circumstances such as a persistent or material breach which is not remedied. The Company has provided certain customary indemnities in favour of the Company Secretary pursuant to the Company Secretarial Agreement.

- (vii) An agreement ("**Depositary Agreement**") dated 27 May 2014 between the Company, the Investment Manager and the Depositary whereby the Depositary is appointed to act as custodian and depositary of the Company.

The Depositary performs the customary services of a depositary in accordance with the AIFM Directive. It is permitted to delegate the performance of its obligations, including the safe keeping of assets, subject to certain conditions being satisfied.

The Depositary receives an annual fee calculated by reference to the services performed (in respect of custody services) as well as a fee equal to two basis points of the gross asset value of the Company (in respect of depositary services). A minimum fee of £25,000 per annum in respect of custody services and £10,000 per annum in respect of depositary services has been payable by the Company to the Depositary since the end of the Company's first financial year. The Depositary is also entitled to reimbursement of all out of pocket costs, expenses and charges reasonably and properly incurred on behalf of the Company.

The Depositary Agreement may be terminated by either party on 90 days' prior written notice following an initial period of six months from the date of the agreement. The Depositary Agreement may be immediately terminated by either party in certain circumstances such as a material breach which is not remedied. Pursuant to the Depositary Agreement, the Company has given certain customary indemnities in favour of the Depositary.

The Depositary has delegated its obligations in respect of the safe keeping of the Company's investments to State Street Bank and Trust Company which in turn has appointed sub-custodians in jurisdictions where the Company may make investments.

The identities of the appointed sub-custodians as at the date of this Prospectus are as follows:

Australia - The Hong Kong and Shanghai Banking Corporation Ltd. (HSBC Custody and Clearing, Level 13, 580 George St., Sydney, NSW 2000, Australia);

Bangladesh - Standard Chartered Bank, Silver Tower, Level 7, 52 South Gulshan, Commercial Area, Gulshan 1, Dhaka 1212, Bangladesh;

Brazil - Citibank N.A.- São Paulo Branch (AV Paulista, 1111, São Paulo, SP 01311-920 Brazil);

Chile - Banco Itau Chile (Enrique Foster Sur 20, Piso 5, Las Condes, Santiago de Chile);

China- HSBC Bank (China) Company Limited (33rd Floor, HSBC Building, Shanghai IFC, 8 Century Avenue, Pudong, Shanghai, China (200120));

China Stock Connect - Citibank 39th Floor Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong;

Columbia - Cititrust Colombia, S.A. *Sociedad Fiduciaria* (Carrera 9A No 99-02, Bogotá DC, Colombia);

Czech Republic - Ceskoslovenska Obchodni Banka A.S. (Radlická 333/150, 150 57 Prague 5, Czech Republic);

Egypt - HSBC Bank Egypt SAE (6th Floor, 306 Corniche El Nil, Maadi, Cairo, Egypt);

Euroclear - Euroclear Bank, 1 Boulevard du Roi Albert, II, B-1210 Brussels, Belgium;

Ghana - Standard Chartered Bank Ghana Limited (P.O. Box 768, 1st Floor, High Street Building, Accra, Ghana);

Hong Kong - Standard Chartered Bank (Hong Kong) Limited (15th Floor Standard Chartered Tower, 388 Kwun Tong Road, Kwun Tong, Hong Kong);

India - Deutsche Bank AG (Domestic Custody Services, Block B1, 4th Floor, Nirlon Knowledge Park, Off Western Express Highway, Goregaon (E), Mumbai, India 400 063);

Indonesia - Deutsche Bank AG, Deutsche Bank Building, 4th Floor, Jl. Imam Bonjol, No. 80, Jakarta 10310, Indonesia;

Ivory Coast - Standard Chartered Bank Côte d'Ivoire (23, Bld de la République, 17 BP 1141 Abidjan 17, Côte d'Ivoire);

Kenya - Standard Chartered Bank Kenya Limited (Custody Services, Standard Chartered @ Chiromo, Level 5, 48 Westlands Road, P.O. Box 40984-00100 GPO, Nairobi, Kenya);

Korea - Deutsche Bank AG (Direct Securities Services, 18th Floor, Young-Poong Bldg., 33 Seorin-dong, Chongro-ku, Seoul 110-752 Korea);

Malaysia - Deutsche Bank (Malaysia) Berhad (Domestic Custody Services, Level 20, Menara IMC, 8 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia);

Mexico - Banco Nacional de México S.A. (Banamex) (Global Securities Services, 3er piso, Torre Norte, Act. Roberto Medellin No. 800, Col. Santa Fe, Mexico, D.F. 01210);

Morocco - Citibank Maghreb (Zénith Millénium Immeuble1,Sidi Maârouf - B.P. 40, Casablanca 20190 Morocco);

Nigeria - Stanbic IBTC Bank Plc. (Plot 1712, Idejo St., Victoria Island, Lagos, Nigeria 101007);

Pakistan - Deutsche Bank A.G. (Unicentre – Unitowers, I.I. Chundrigar Road, P.O. Box 4925, Karachi - 74000, Pakistan);

Peru - Citibank del Perú S.A. (Canaval y Moreyra 480, 3rd Floor, San Isidro, Lima 27, Peru);

Philippines - Deutsche Bank AG (Global Transaction Banking, Tower One, Ayala Triangle, 1226 Makati City, Philippines);

Poland - Bank Handlowy w, Warszawie S.A., ul Senatorska 16, 00-293 Warsaw, Poland;

Singapore - Citibank, N.A. (Citigroup® Global Transaction Services, Regional Services Center, Citi Singapore Campus (CSC), 3 Changi Business Park Crescent, #07-00, Singapore 486026);

South Africa - FirstRand Bank Limited (Mezzanine Floor, 3 First Place Bank City, Corner Simmonds & Jeppe Sts., Johannesburg 2001, Republic of South Africa);

Sri Lanka - The Hongkong and Shanghai Banking Corporation Limited (24, Sir Baron Jayatilake Mawatha, Colombo 01, Sri Lanka);

Tanzania - Standard Chartered Bank, Tanzania Limited, 1st Floor International House, Corner of Shaaban Robert Street and Garden Avenue, PO Box 9011, Dar es Salaam, Tanzania;

Thailand - Standard Chartered Bank (Thai) Public Company Limited (Sathorn Nakorn Tower – 14th Floor, Zone B, 90 North Sathorn Road, Silom, Bangkok 10500, Thailand);

Turkey - Deutsche Bank, A.Ş. (Eski Buyukdere Caddesi, Tekfen Tower No. 209, Kat: 17 4.Levent 34394, Istanbul, Turkey);

Uganda - Standard Chartered Bank Uganda Limited (5 Speke Road, P.O. Box 7111, Kampala, Uganda);

United Kingdom - State Street Bank and Trust Company, 525 Ferry Rd., Edinburgh, Scotland, EH5 2AW;

Vietnam- Hong Kong & Shanghai Banking Corp. Ltd. (Centre Point, 106 Nguyen Van Troi Street, Phu Nhuan District, Ho Chi Minh City, Vietnam); and

Zimbabwe - Stanbic Bank Zimbabwe Limited (3rd Floor, Stanbic Centre, 59 Samora Machel Avenue, Harare, Zimbabwe).

The Depositary has not contractually discharged any of its liabilities under the Depositary Agreement in respect of the delegated services.

- (viii) A broker agreement (the "**Broker Agreement**") dated 27 May 2014, and as supplemented by an engagement letter dated 14 June 2016 and agreed to by the Company on 4 August 2016, between the Company and Investec pursuant to which Investec acts as sponsor, financial adviser and corporate broker to the Company. As part of the engagement, Investec has agreed, amongst other things, to advise on and co-ordinate an investor liaison programme for the Company, to monitor and report to the Board where appropriate on the trading of the Ordinary Shares and significant movements in the share price of the Ordinary Shares and to advise on and co-ordinate matters relating to the Placing Programme.

Investec is entitled to a fee of £35,000 per annum. All fees and other expenses are exclusive of VAT, if any.

The Broker Agreement may be terminated by either party on one months' notice with or without cause at the time. Investec is entitled to terminate the Broker Agreement

with immediate effect in circumstances including material breach by the Company or the Company's failure to accept and implement the advice of Investec on a material matter concerning action to be taken in respect of the Placing Programme.

The Company has agreed to indemnify Investec against all losses which Investec may suffer or incur by reason of or arising out of or in connection with its engagement under the Broker Agreement.

The Broker Agreement is governed by and construed in accordance with the laws of England.

- (b) Except with respect to the disclosure at paragraph 9(b) above, the appointment letters entered into between the Company and each Director and the Investment Management Agreement, the Company has not been a party to any related party transaction since its incorporation.

10 Working capital

The Company is of the opinion that the Company has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

11 Capitalisation and indebtedness

The following table sets out the capitalisation and indebtedness of the Company as at 30 June 2016, being the last date in respect of which financial information on the Company has been published. The figures for capitalisation and indebtedness have been extracted without material adjustment from the interim report published by the Company for the six month period ended 30 June 2016, which are incorporated by reference into this Prospectus in Part 6 of this Prospectus:

	30 June 2016 (£'000)
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/unsecured	-
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/unsecured	-
Shareholders' equity	
Share capital	206
Capital reserves	201,996
Other reserves	12,341
Accumulated losses	(1,146)
Total	213,397

The following table shows the Company's net financial indebtedness as at 30 June 2016:

30 June 2016 (£'000)

A. Cash	4,363
B. Cash equivalent	(1,042)
C. Trading securities	-
D. Liquidity (A+B+C)	3,321
E. Current financial receivables	238
F. Current bank debt	-
G. Current portion of non-current debt	-
H. Other current financial debt	-
I. Current financial debt (F+G+H)	-
J. Net current financial indebtedness (I-E-D)	-
K. Non-current bank loans	-
L. Bonds issued	-
M. Other non-current loans	-
N. Non-current financial indebtedness (K+L+M)	-
O. Net financial indebtedness (J+N)	-

12 No significant change

As at the date of this Prospectus, there has been no significant change in the financial or trading position of the Company since 30 June 2016, being the last date to which the Company has published interim financial information.

13 Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) since the Company's incorporation which may have, or have had in the recent past, significant effects on the financial position or profitability of the Company.

14 General

- (a) The estimated net cash proceeds accruing to the Company from the Placing Programme are approximately £110 million (assuming 10,000,000 Ordinary Shares are issued pursuant to the Placing Programme). The net proceeds of the Placing Programme will be invested in accordance with the Company's investment policy and, pending investment, will be held on deposit or invested in near cash instruments and consequently it is expected that the Company will derive earnings from the aggregate value of the total assets of the Company in the form of dividends and interest.
- (b) The Placing Programme will result in the existing Ordinary Shares being diluted by 32 per cent. (assuming 10,000,000 Ordinary Shares are issued pursuant to the Placing Programme). None of the Ordinary Shares available under the Placing Programme are being underwritten.

- (c) The placing of the Ordinary Shares pursuant to the Placing Programme is being carried out on behalf of the Company by Investec which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated in the UK by the Financial Conduct Authority and the Prudential Regulation Authority.
- (d) The Investment Manager may be a promoter of the Company. Save as disclosed in paragraph 9 above no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- (e) Each of the Investment Manager and Investec has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. The Investment Manager accepts responsibility for the information attributed to it in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information attributed to it in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The telephone number of the Investment Manager is +44 (0)330 1 231 815.
- (f) Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (g) The Company has no existing interests in real property and has no tangible fixed assets which are material to its business.
- (h) CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of Ordinary Shares under CREST. It is expected that the Company will arrange for Euroclear to be instructed to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Ordinary Shares. Settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain a share certificate will be entitled to do so.
- (i) the Company expects typical investors in the Company will be institutional and sophisticated investors and private clients.

15 Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL up to and including 30 August 2017:

- (a) the statement of capital of the Company and the Articles;
- (b) the letters of appointment referred to in this Part 7;
- (c) the letters of consent referred to in paragraph 14(e) above; and
- (d) this Prospectus.

This Prospectus is dated 31 August 2016.

PART 8 - TERMS AND CONDITIONS OF THE PLACING PROGRAMME

1 Introduction

Each person which confirms its agreement to Investec to subscribe for Ordinary Shares under the Placing Programme (for the purposes of this Part 8, a "**Placee**") will be bound by these terms and conditions and will be deemed to have accepted them.

Each of the Company and/or Investec, as applicable, may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit and/or may require any such Placee to execute a separate placing letter (for the purposes of this Part 8, a "**Placing Letter**"). The terms of this Part 8 will, where applicable, be deemed to be incorporated into that Placing Letter.

2 Agreement to purchase Ordinary Shares

Conditional on, amongst other things: (i) Admission occurring in respect of the relevant Placing not later than 8.00 a.m. on such date as may be agreed between the Company, the Investment Manager and Investec prior to the closing of the relevant Placing, not being later than 30 August 2017; (ii) to the extent required by the Prospectus Rules and the FSMA, a valid supplementary prospectus being published by the Company; (iii) the Placing Agreement becoming otherwise unconditional in all respects in relation to the relevant issue of Ordinary Shares pursuant to the Placing Programme and not having been terminated in accordance with its terms at any time prior to the date of the Admission; and (iv) Investec confirming to the Placees their allocation of Ordinary Shares, a Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by Investec at the applicable Placing Programme Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

Fractions of Ordinary Shares will not be issued.

3 Payment for Ordinary Shares

Each Placee undertakes to pay in full the Placing Programme Price for the Ordinary Shares issued to such Placee in the manner and by the time directed by Investec. In the event of any failure by a Placee to pay as so directed and/or by the time required by Investec, as applicable, the relevant Placee shall be deemed hereby to have irrevocably and unconditionally appointed Investec, as applicable, or any nominee of Investec as its agent to use its reasonable endeavours to sell (in one or more transactions) any or all of the Ordinary Shares in respect of which payment shall not have been made as directed, and to indemnify Investec and its respective affiliates on demand in respect of any liability for stamp duty and/or stamp duty reserve tax or any other liability whatsoever arising in respect of any such sale or sales.

A sale of all or any of such Ordinary Shares shall not release the relevant Placee from the obligation to make such payment for relevant Ordinary Shares to the extent that Investec or its nominee has failed to sell such Ordinary Shares at a consideration which, after deduction of the expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, exceeds the Placing Programme Price per Ordinary Share.

4 Representations, warranties and undertakings

By agreeing to subscribe for Ordinary Shares, each Placee which enters into a commitment to subscribe for Ordinary Shares (for the purposes of this Part 8, a "**Placing Commitment**") will (for itself and for any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be deemed to understand, undertake, represent and warrant to each of the Company, the Investment Manager, the Registrar and Investec, that:

- (a) in agreeing to subscribe for Ordinary Shares under the Placing Programme, it is relying solely on this Prospectus and any supplementary prospectus issued by the Company prior to Admission and not on any other information given, or representation or statement made at any time, by

- any person concerning the Company, the Ordinary Shares or the Placing Programme. It agrees that none of the Company, the Investment Manager, the Registrar or Investec, nor any of their respective officers, agents, employees or affiliates, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have against any such persons in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Placing Programme, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any such territory or jurisdiction and that it has not taken any action or omitted to take any action which will result in the Company, the Investment Manager, the Registrar or Investec, or any of their respective partners, officers, agents, employees or affiliates acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing Programme;
 - (c) it has carefully read and understands this Prospectus and any supplementary prospectus issued by the Company prior to Admission in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out in this Part 8 and, as applicable, in the contract note or placing confirmation, as applicable, referred to in paragraph 4(m) of this Part 8 (for the purposes of this Part 8, the "**Contract Note**" or the "**Placing Confirmation**") and the Placing Letter (if any) and the Articles as in force at the date of Admission;
 - (d) it has not relied on Investec or any person affiliated with Investec in connection with any investigation of the accuracy of any information contained in this Prospectus;
 - (e) it acknowledges that the content of this Prospectus and any supplementary prospectus issued by the Company is exclusively the responsibility of the Company and its Directors and neither Investec nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any information, representation or statement contained in this Prospectus (and any such supplementary prospectus issued by the Company) or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing Programme based on any information, representation or statement contained in this Prospectus or otherwise;
 - (f) it acknowledges that no person is authorised in connection with the Placing Programme to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus issued by the Company and, if given or made, any information or representation must not be relied upon as having been authorised by Investec, the Company, the Investment Manager or the Registrar;
 - (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986;
 - (h) it accepts that none of the Ordinary Shares have been or will be registered under the laws of any Excluded Territory. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Excluded Territory unless an exemption from any registration requirement is available;
 - (i) the price per Ordinary Share is fixed at the Placing Programme Price and is payable to Investec on behalf of the Company in accordance with the terms of this Part 8 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any);
 - (j) it has the funds available to pay in full for the Ordinary Shares for which it has agreed to subscribe and that it will pay the total subscription in accordance with the terms set out in this Part 8 and, as

- applicable, as set out in the Contract Note or Placing Confirmation and the Placing Letter (if any) on the due time and date;
- (k) its commitment to acquire Ordinary Shares under the Placing Programme will be agreed orally with Investec as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Investec as soon as possible thereafter. That oral agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Investec to subscribe for the number of Ordinary Shares allocated to it and comprising its Placing Commitment at the Placing Programme Price on the terms and conditions set out in this Part 8 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of Admission. Except with the consent of Investec such oral commitment will not be capable of variation or revocation after the time at which it is made;
 - (l) its allocation of Ordinary Shares under the Placing Programme will be evidenced by Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Ordinary Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares; and (iii) settlement instructions to pay Investec as agent for the Company. The terms of this Part 8 will be deemed to be incorporated into that Contract Note or Placing Confirmation;
 - (m) settlement of transactions in the Ordinary Shares following Admission, will take place in CREST but Investec reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
 - (n) none of the Ordinary Shares have been or will be registered under the laws of any member state of the EEA (a "Member State") (other than the United Kingdom), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing Programme would breach any applicable law. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the following: any Member State (other than the United Kingdom), the United States, Canada, Japan, Australia, the Republic of South Africa or any other jurisdiction where the extension or availability of the Placing Programme would breach any applicable law unless an exemption from any registration requirement is available;
 - (o) it: (i) is entitled to subscribe for the Ordinary Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Ordinary Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
 - (p) if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or is a person to whom the Ordinary Shares may otherwise lawfully be offered under such Order, or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
 - (q) it is not resident in the EEA (other than the United Kingdom) and has not acquired the Ordinary Shares with a view to their resale into any member of the EEA (other than the United Kingdom);
 - (r) in the case of any Ordinary Shares acquired by a Placee as a financial intermediary within the meaning of the law in the United Kingdom implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive: (i) the Ordinary Shares acquired by it in the Placing have not been acquired

- on behalf of, nor have they been acquired with a view to their offer or resale to, persons in the United Kingdom other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Investec has been given to the offer or resale; or (ii) where Ordinary Shares have been acquired by it on behalf of persons in any the United Kingdom other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- (s) if it is outside the United Kingdom, neither this Prospectus (and any supplementary prospectus issued by the Company) nor any other offering, marketing or other material in connection with the Placing Programme or the Ordinary Shares (for the purposes of this Part 8, each a "**Placing Document**") constitutes an invitation, offer or promotion to, or arrangement with, it or any person for whom it is procuring to subscribe for Ordinary Shares pursuant to the Placing Programme unless, in the relevant territory, such offer, invitation, promotion or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
 - (t) it does not have a registered address in, and is not a citizen, resident or national of any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
 - (u) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for Ordinary Shares under the Placing Programme and will not be any such person on the date that such subscription is accepted;
 - (v) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and any supplementary prospectus issued by the Company) or any other offering materials concerning the Ordinary Shares to any persons within the United States or to any US Persons (as defined in Regulation S under the Securities Act, nor will it do any of the foregoing;
 - (w) no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Ordinary Shares or possession of this Prospectus (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
 - (x) it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States purchase and transfer restrictions" in paragraph 5, below;
 - (y) it acknowledges that neither Investec, nor any of its affiliates nor any person acting on their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing Programme or providing any advice in relation to the Placing Programme and participation in the Placing Programme is on the basis that it is not and will not be a client of Investec and that Investec has no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing Programme nor, if applicable, in respect of any representations, warranties, undertaking or indemnities contained in any Placing Letter;
 - (z) that, save in the event of fraud on the part of Investec, none of Investec, its ultimate holding companies, any direct or indirect subsidiary undertakings of such holding Company, any of its respective directors, members, partners, officers and employees shall be responsible or liable to a Placee or any of its clients for any matter arising out of Investec's role as sponsor and broker or otherwise in connection with the Placing Programme and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients, will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;

- (aa) it acknowledges that where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to subscribe for the Ordinary Shares for each such account; (ii) to make on each such account's behalf the undertakings, acknowledgements, representations, warranties and agreements set out in this Prospectus; and (iii) to receive on behalf of each such account any documentation relating to the Placing Programme in the form provided by the Company and Investec. It agrees that the provision of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;
- (ab) it irrevocably appoints any Director and any director or duly authorised employee or agent of Investec to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares comprising its Placing Commitment in the event of its own failure to do so;
- (ac) it accepts that if the Placing Programme or relevant Placing does not proceed or the relevant conditions under the Placing Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to listing on the Official List and to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever then none of Investec, the Company, the Investment Manager and persons controlling, controlled by or under common control with any of them, and any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (ad) in connection with its participation in the Placing Programme it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering Regulations 2007 (for the purposes of this Part 8, together the "**Money Laundering Regulations**") and that its application for Ordinary Shares under the Placing Programme is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied for Ordinary Shares. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing); or (iii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Regulations;
- (ae) it acknowledges that due to anti-money laundering requirements, Investec and the Company may require proof of identity and verification of the source of the payment before the application for Ordinary Shares under the Placing Programme can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Investec and the Company may refuse to accept the application and the subscription monies relating thereto. It holds harmless and will hold harmless and indemnify Investec and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been requested has not been provided by it in a timely manner;
- (af) it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Money Laundering Regulations;
- (ag) it acknowledges and agrees that information provided by it to the Company or Registrar, will be stored on the Registrar's computer system and manually and may be transferred to the Company's administrator and/or company secretary from time to time. It acknowledges and agrees that for the purposes of the Data Protection Act 1998 (the "**Data Protection Law**") and other relevant data protection legislation which may be applicable such persons are required to specify the purposes for which they will hold personal data. Such persons will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:

- (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
 - (iii) provide personal data to such third parties as such person may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the Data Protection Law may require, including to third parties outside the United Kingdom or the EEA;
 - (iv) without limitation, provide such personal data to the Company, Investec or the Investment Manager and their respective associates for processing, notwithstanding that any such party may be outside the United Kingdom or the EEA; and
 - (v) process its personal data for its own internal administration;
- (ah) in providing such persons with information, it hereby represents and warrants to them that it has obtained the consent of any data subjects to them and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the purpose set out in paragraph (v) above). For the purposes of this Part 8, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the Data Protection Law;
- (ai) Investec, the Investment Manager and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to them;
- (aj) the representations, undertakings and warranties contained in this Part 8 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any), are irrevocable. It acknowledges that Investec and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings and it agrees that if any of the representations or warranties or undertakings made or deemed to have been made by its subscription of the Ordinary Shares under the Placing Programme are no longer accurate, it shall promptly notify Investec and the Company;
- (ak) where it or any person acting on behalf of it is dealing with Investec any money held in an account with Investec on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Investec to segregate such money, as that money will be held by Investec under a banking relationship and not as trustee;
- (al) any of its clients, whether or not identified to Investec will remain its sole responsibility and will not become clients of Investec for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (am) it accepts that the allocation of Ordinary Shares in respect of the Placing Programme shall be determined by Investec and the Company in their absolute discretion and that such persons may scale back any Placing Commitment on such basis as they may determine;
- (an) time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares subscribed under the Placing Programme and to comply with its other obligations under the Placing Programme;
- (ao) it authorises Investec to deduct from the total amount subscribed under the Placing Programme the aggregate commission (if any) (calculated at the rate agreed with the Placee) payable on the number of Ordinary Shares allocated under the Placing Programme;

- (ap) in the event that a supplementary prospectus is required to be produced pursuant to section 87G FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to section 87(Q)(4) FSMA, such Placee will immediately re-subscribe for the Ordinary Shares previously comprising its Placing Commitment; and
- (aq) the commitment to subscribe for Ordinary Shares on the terms set out in this Part 8 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) will continue notwithstanding any amendment that may in the future be made to the terms of the Placing Programme and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Placing Programme.

The Company, the Investment Manager, the Registrar and Investec will rely upon the truth and accuracy of the foregoing representations, warranties, undertakings and acknowledgements. Each investor which confirms its agreement to Investec to subscribe for Ordinary Shares agrees to indemnify and hold each of the Company, the Investment Manager, the Registrar and Investec and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements in this Part 8.

5 United States purchase and transfer restrictions

By participating in the Placing Programme, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the Investment Manager, the Registrar and Investec that:

- (a) it is not a US Person, is not located within the United States, is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S under the Securities Act and is not acquiring the Ordinary Shares for the account or benefit of a US Person;
- (b) It understands that the Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (c) it acknowledges that the Company has not registered under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act;
- (d) unless the Company expressly consents in writing otherwise, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a "plan" as defined in Section 4975 of the Internal Revenue Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Internal Revenue Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the Internal Revenue Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (e) that if any Ordinary Shares offered and sold pursuant to Regulation S are issued in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

"FUNDSMITH EMERGING EQUITIES TRUST PLC (THE "COMPANY") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS."

- (f) if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles (as amended from time to time);
- (g) it is purchasing the Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the Securities Act, the Investment Company Act or any other applicable securities laws;
- (h) it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person's status under the US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the US securities laws to transfer such Ordinary Shares, or interests in accordance with the Articles (as amended from time to time);
- (i) it acknowledges and understands that the Company is required to comply with FATCA and that the Company will follow FATCA's extensive reporting and withholding requirements. The Placee agrees to furnish any information and documents which the Company may from time to time request, including but not limited to information required under FATCA;
- (j) it is entitled to acquire the Ordinary Shares, under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager, the Registrar, Investec or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Placing Programme or its acceptance of participation in the Placing Programme;
- (k) it has received, carefully read and understands this Prospectus (and any supplementary prospectus issued by the Company), and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus (and any supplementary prospectus issued by the Company) or any other presentation or offering materials concerning the Ordinary Shares to or within the United States or to any US Persons, nor will it do any of the foregoing; and
- (l) if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

6 Supply and disclosure of information

If Investec, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares under the Placing Programme, such Placee must promptly disclose it to them and ensure that such information is complete and accurate in all respects.

7 Miscellaneous

The rights and remedies of Investec, the Registrar, the Investment Manager and the Company under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally, his nationality. If a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.

Each Placee agrees to be bound by the Articles (as amended from time to time) once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the relevant Placing, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Placing Programme and the appointments and authorities mentioned in this Prospectus will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Investec, the Company, the Investment Manager and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for Ordinary Shares under the Placing, references to a Placee in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

Investec and the Company expressly reserve the right to modify any Placing (including, without limitation, its timetable and settlement) at any time before allocations are determined. Each Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained in paragraph 9 of Part 7 of this Prospectus.

DEFINITIONS

The following definitions apply throughout this Prospectus, unless the context requires otherwise:

"Accounting and Administration Services Agreement "	the accounting and administration services agreement between the Company, the Investment Manager and Administrator, a summary of which is set out in paragraph 9 of Part 7 of this Prospectus
"Administrator"	State Street Bank and Trust Company
"Admission"	any admission of Ordinary Shares issued pursuant to the Placing Programme to the Official List and to trading on the main market of the London Stock Exchange becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards
"AIC"	the Association of Investment Companies
"AIC Code"	the AIC Code of Corporate Governance, as amended from time to time
"AIC Guide"	the AIC Corporate Governance Guide for Investment Companies, as amended from time to time
"AIF"	an Alternative Investment Fund, as defined in the AIFM Directive
"AIFM"	an Alternative Investment Fund Manager, as defined in the AIFM Directive
"AIFM Directive"	the EU Directive on Alternative Investment Fund Managers, as amended from time to time
"Annual Reports"	the audited financial statements of the Company for the period from incorporation on 31 October 2013 to 31 December 2014 and for the year ended 31 December 2015
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Company
"Benefit Plan Investor"	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of the ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the Internal Revenue Code (including an individual retirement account), (ii) an entity whose underlying assets include "plan assets" by reason of a plan's investment in the entity, or (iii) any "benefit plan investor" as otherwise defined in section 3(42) of ERISA or regulations promulgated by the US Department of Labor
"Board"	the directors of the Company whose names are set out on page 32 of this Prospectus
"Business Day"	a day on which the London Stock Exchange and banks in England and Wales are normally open for business
"C Shares"	ordinary shares of one pence each in the capital of the Company issued as "C Shares" and having the rights and

	being subject to the restrictions set out in the Articles, which will convert into Ordinary Shares as set out in the Articles
"Capita Agreement"	the registrar agreement between the Company and Capita, a summary of which is set out in paragraph 9 of Part 7 of this Prospectus
"Capita Asset Services"	a trading name of Capita Registrars Limited, a company incorporated in England and Wales with registered number 2605568
"Companies Act"	the Companies Act 2006, as amended from time to time
"Company"	Fundsmith Emerging Equities Trust plc
"Company Secretarial Agreement"	the company secretarial agreement between the Company and the Company Secretary, a summary of which is set out in paragraph 9 of Part 7 of this Prospectus
"Company Secretary"	Frostrow Capital LLP
"CREST"	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in the Regulations)
"CREST Account"	an account in the name of the relevant holder in CREST
"CRS"	the Common Standard on Reporting and Due Diligence for Financial Account Information, implemented by the Model Competent Authority Agreement
"CTA 2010"	Corporation Tax Act 2010, as amended from time to time
"DAC"	the EU Directive on Administrative Cooperation (in relation to the field of taxation)
"Depositary"	State Street Trustees Limited
"Developing Economies"	means any country other than those listed in the MSCI World Index (the countries listed in the MSCI World Index as at the date of this Prospectus being Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US)
"Directors"	the directors of the Company whose names are set out on page 32 of this Prospectus
"DTRs" or "Disclosure and Transparency Rules"	the disclosure and transparency rules made by the FCA under Part VI of the FSMA
"EEA"	the states which comprise the European Economic Area
"ERISA"	the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
"EU MAR"	the EU Market Abuse Regulation, as amended from time to time
"Euroclear"	Euroclear UK and Ireland Limited, the operator of CREST

"Exchange Act"	the US Securities Exchange Act of 1934, as amended from time to time
"Excluded Territory"	any member state of the EEA (other than the United Kingdom), the United States of America, Canada, Australia, Japan and the Republic of South Africa and any other jurisdiction where the extension or availability of the Issue would breach any applicable law
"FATCA"	the US Foreign Account Tax Compliance Act of 2010, as amended from time to time
"FCA"	the Financial Conduct Authority
"First Issue Price"	the price at which Ordinary Shares were issued pursuant to the First Issue, being £10 per Ordinary Share
"First Issue"	the issue of 19,287,921 Ordinary Shares in the Company pursuant to a placing and offer for subscription on 25 June 2014
"Finance Act 2006"	the Finance Act 2006, as amended from time to time
"FMCG"	fast-moving consumer goods
"FSMA"	the Financial Services and Markets Act 2000, as amended from time to time
"Fundsmith Equity Fund"	Fundsmith Equity Fund, an investment company of variable capital established in England and Wales with regulated number IC000846
"GICS"	Global Industry Classification Standard
"Gross Assets"	the aggregate value of the total assets of the Company
"Governance Code"	the UK Corporate Governance Code, as amended from time to time
"HMRC"	HM Revenue and Customs
"IFRS"	International Financial Reporting Standards, as adopted by the European Union, as amended from time to time
"Internal Revenue Code"	the US Internal Revenue Code of 1986, as amended from time to time
"Investec"	Investec Bank plc
"Investment Advisers Act"	the US Investment Advisers Act of 1940, as amended from time to time
"Investment Company Act" or "ICA"	the US Investment Company Act of 1940, as amended from time to time
"Investment Manager"	Fundsmith LLP
"Investment Management Agreement"	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 9 of Part 7 of this Prospectus
"Investment Trust Regulations"	The Investment Trust (Approved Company) (Tax) Regulations 2011, as amended from time to time

"IRS"	the US Internal Revenue Service
"Listing Rules"	the Listing Rules made by the FCA under Part VI of the FSMA, as amended from time to time
"London Stock Exchange"	London Stock Exchange plc
"LSE Admission Standards"	the latest edition of the "Admission and Disclosure Standards" issued by the London Stock Exchange
"Management Fee"	the fee payable by the Company to the Investment Manager, as described in paragraph 9 of Part 7 of this Prospectus
"Model Code"	the Model Code as set out in Annex 1 of Listing Rule 9, as amended from time to time
"Money Laundering Regulations"	the Money Laundering Regulations 2007, as amended from time to time
"Net Asset Value" or "NAV"	the net asset value of the Company calculated in accordance with the valuation policies of the Company from time to time as appropriate
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares (issued and to be issued) of 1 pence each in the share capital of the Company
"Placee"	a person subscribing for Ordinary Shares under the Placing Programme
"Placing"	a placing of Ordinary Shares at the Placing Programme Price pursuant to the Placing Programme, as described in this document
"Placing Agreement"	the placing agreement between the Company, the Investment Manager and Investec, a summary of which is set out in paragraph 9 of Part 7 of this Prospectus
"Placing and Offer Agreement"	the placing and offer agreement between the Company, the Directors, the Investment Manager and Investec, a summary of which is set out in paragraph 9 of Part 7 of this Prospectus
"Placing Letter"	as defined in Part 8 of this Prospectus
"Placing Programme"	the proposed programme of placings of Ordinary Shares as described in Part 4 of this Prospectus
"Placing Programme Price"	the price of Ordinary Shares issued pursuant to the Placing Programme, determined in accordance with Part 4 of this Prospectus
"Plan Asset Regulations"	the US Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA
"Plans"	a tax qualified annuity plan described in section 405 of the Internal Revenue Code and an individual retirement account or individual retreat annuity as described in section 408 of the Internal Revenue Code
"Prospectus"	this document

"Prospectus Directive"	Directive 2003/71/EC of the European Parliament and of the Council of the European Union and any relevant implementing measure in each implementing member state of the EEA
"Prospectus Rules"	the Prospectus Rules made by the FCA under Part VI of the FSMA
"Registrar"	the registrar engaged by the Company, being Capita Asset Services
"Regulation S"	means Regulation S under the Securities Act
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
"Regulatory Information Service"	a regulatory information service that is on the list of regulatory information services maintained by the FCA
"RIS announcement"	an announcement through a Regulatory Information Service
"ROCE"	return on capital employed
"RPI"	the monthly retail prices index in the UK that demonstrates the movement of retail prices
"Securities Act"	the US Securities Act of 1933, as amended from time to time
"Shareholder"	a holder of Ordinary Shares in the Company
"shares"	transferable securities
"Similar Law"	any US federal, state, local or foreign law that is similar to provision 406 of ERISA or section 4975 of the Internal Revenue Code
"Substantial Shareholder"	a company or body corporate that is beneficially entitled, directly or indirectly, to 10 per cent. or more of the dividends and/or share capital that controls, directly or indirectly, 10 per cent. or more of the voting rights of the Company
"Takeover Code"	the City Code on Takeovers and Mergers
"Treasury Regulations"	the US Department of Treasury Regulations
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of Admission to the Official List
"US" or "United States"	the United States of America (including the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction
"US Person"	a "US Person" as defined in Regulation S of the Securities Act
"VAT"	UK Value Added Tax
"£"	Great British Pounds