This document is issued by Juniper Partners Limited, as alternative investment fund manager of Securities Trust of Scotland plc (the "Company") solely in order to make certain particular information available to investors in the Company before they invest, in accordance with the requirements of the FCA Rules implementing the EU Alternative Investment Fund Managers Directive (Directive 2011/61/EU) (the "AIFMD") in the United Kingdom. It is made available to investors in the Company by being made available at www.stsplc.co.uk.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

SECURITIES TRUST OF SCOTLAND PLC

INVESTOR DISCLOSURE DOCUMENT

IMPORTANT INFORMATION

Regulatory status of the Company

Securities Trust of Scotland plc is an 'alternative investment fund' ("AIF") for the purposes of the AIFMD. The Company has appointed Juniper Partners Limited ("Juniper Partners" or the "AIFM"), to act as its alternative investment fund manager. Juniper Partners is authorised and regulated by the

The Company's shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its articles of association, the Listing Rules, the Disclosure Guidance and Transparency Rules, the UK corporate governance code and the Companies Act 2006.

The provisions of the Company's articles of association are binding on the Company and its shareholders. The articles of association set out the respective rights and restrictions attaching to the Company's shares. These rights and restrictions apply equally to all shareholders. All shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by Scots law.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulations, the Company, Juniper Partners and their directors will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

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

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.

No advice

The Company, Juniper Partners and their directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in

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Overseas investors

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

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

THE COMPANY

Investment Objective and Policy

The Company's objective is to achieve rising income and long-term capital growth through investment in a balanced portfolio constructed from global equities.

The Company's policy is to invest primarily in global equities.

Investment Restrictions and Guidelines

The majority of the Company's portfolio is invested in large capitalisation companies (defined as companies with market capitalisations over £1 billion). The resulting diversified portfolio of international quoted companies is focused, typically containing between 30 and 50 high conviction stocks selected on the basis of detailed research analysis.

The equity portfolio consists of listed shares and is diversified across a range of holdings.

The Manager has unconstrained discretion to select stocks except that:

- no more than 10% of the company's gross assets may be invested in listed investment companies (including UK listed investment trusts);
- the Board must approve in advance all investments in the Investment Manager's sponsored investment schemes;
- the sum of all holdings over 5% of the total portfolio must not exceed 40% of the portfolio;
- no more than 15% of the total portfolio can be invested in collective investment schemes, of which no holding can exceed 10% of the value of the collective investment scheme; and
- warrants cannot exceed 5% of the total portfolio.

The Company's exposure to listed equities is set within a range of 90% to 120% of shareholders funds' in normal circumstances.

The Company's active portfolio management strategy will inevitably involve separate periods where, at different times, the Company's portfolio outperforms and underperforms the market as a whole. The Company's investment performance (on a total return basis) is measured against the following index for comparison purposes: Lipper Global – Global Equity Income.

As an investment trust, the Company is able to finance its operations through bank borrowings (gearing). The Board monitors such borrowings (gearing) closely and takes a prudent approach. Gearing levels are discussed by the Board and Manager regularly and monitored at every Board meeting. Gearing is limited to 20%.

As a closed-ended investment fund whose shares are admitted to the Official List under Chapter 15 of the FCA Listing Rules, the Company is required to obtain the prior approval of its shareholders to any material change to its published investment policy. Accordingly, the Company will not make any material change to its published investment policy without the approval of its shareholders by ordinary resolution. The Company will announce any such change through a Regulatory Information Service.

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

The main assets the Company invests in are Global Equities (including single stock equity options). However, it is also permitted to hold a range of other asset types including investment companies (including UK-listed investment trusts), REITs, collective investment schemes, warrants, convertible bonds, access products, ETFs, futures, options, forward currency contracts, global bonds, and money market instruments.

The Company is managed in compliance with the statutory investment restrictions included in sections 1158-59 of the Corporation Tax Act 2010 ensuring that the Company continues to qualify as an investment trust.

Leverage

As explained above, the Company may employ borrowings and derivatives as leverage.

The Company's gearing policy is to operate within a range of 90% to 120% of shareholders funds' in normal circumstances.

In pursuing this policy, the Company has in place the following credit facilities:

- A two-year revolving credit facility of £10,000,000; and
- A multi-currency seven year fixed facility in three tranches of £1,500,000, €4,500,000 and US$ 12,750,000.

The Company has adequate financial resources in the form of readily realisable listed securities and as a result the directors assess that the Company is able to continue in operational existence without the facilities.

The maximum leverage which the Manager is entitled to employ on behalf of the Company is 300% under the gross method and 200% under the commitment method. Any changes to these limits will be agreed in advance between the Manager and the Company. This indicates the highest level that exposure could reach using these calculations if all available instruments introducing leverage were used to the maximum permitted level at the same time. The amount of leverage employed by the Company will be disclosed in the Company's annual report.

Investment approach and investment techniques

The Company's annual report, which is available from its website, www.stsplc.co.uk, sets out the investment approach and techniques applied in managing the Company's portfolio.

As a closed-ended investment fund whose shares are admitted to the Official List under Chapter 15 of the Listing Rules, the Company is required to obtain the prior approval of the shareholders to any material change to its published investment policy. Accordingly, the Company will not make any material change to its published investment policy without the approval of its shareholders by ordinary resolution. The Company will announce any such change through a Regulatory Information Service. The Company's published investment policy is set out in the section entitled 'Investment Policy' above.

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

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The AIFM

The AIFM is Juniper Partners Limited (the "AIFM"), a private limited company incorporated in Scotland with registered number SC366565, whose registered office is at 28 Walker Street, Edinburgh EH3 7HR. The AIFM is authorised and regulated by the FCA.

The AIFM has been authorised by the FCA to act as an alternative investment fund manager pursuant to the AIFMD and has been designated by the Company, under the terms of the management agreement, to perform the:

- Investment management function in respect of the Company which includes portfolio management and risk management; and
- Valuation function in respect of the company's assets.

The AIFM is also responsible for ensuring compliance with the AIFMD. The AIFM has delegated certain functions with respect to its duties to third parties in accordance with the delegation requirements of AIFMD. In particular, the AIFM has delegated certain portfolio management functions to the Investment Manager. Notwithstanding any delegation the AIFM shall remain liable to the Company for the proper performance of the portfolio management, risk management and valuation. The Investment Manager will be responsible to the AIFM in regard to the management of the investment of the assets of the Company in accordance with its investment objectives and policies, subject always to the supervision and direction of the AIFM.

Delegated management functions

The AIFM has delegated the day to day management of the Company's portfolio of assets to Troy Asset Management Limited (the "Investment Manager"). The Investment Manager will be responsible to the AIFM in regard to the management of the investment of the assets of the Company in accordance with its investment objectives and policies, subject always to the supervision and direction of the AIFM.

Fees

The AIFM receives a fee for the provision of its services and in turn the Investment Manager is entitled to a fee which is based on the AIF's shareholders' funds. The fee payable to the Investment Manager is 0.65 per cent. on the first £750 million of shareholders' funds; 0.55 per cent. of shareholders' funds between £750 million and £1 billion; and 0.5 per cent. of shareholders' funds thereafter. The Board and Investment Manager agreed that no fee would be payable for the first 12 months following the Investment Manger's appointment on 13 November 2020.

The Depositary

J.P. Morgan Europe Limited (the "Depositary") has been appointed as the Company's depositary, as required by AIFMD. The Depositary holds or arranges for sub-custodians to hold, all of the cash, securities and other assets of the Company and arranges and settles (directly or through sub-custodians) all transactions relating to those assets on behalf of the Company.

Under the terms of the depositary agreement between the Company, the Depositary and the AIFM, the Depositary is permitted to procure that JPMorgan Chase Bank National Association, London branch ("JPMCB"), or another custodial delegate, hold the Company's financial instruments in custody on the Depositary's behalf.

In this regard, the Company, the Depositary and JPMCB have entered into a global custody agreement under which the Depositary has delegated custody of the Company's financial instruments to JPMCB. JPMCB has the authority to sub-delegate the custody of the Company's financial instruments provided that JPMCB must comply with the same requirements that would apply in the context of a delegation by the Depositary.

The Depositary has not entered into any contractual arrangement to discharge itself of liability in accordance with Article 21(13) and 21(14) of the AIFMD and, therefore, the Depositary's liability is not affected by the delegation of its safe-keeping function as outlined above. Shareholders will be notified of any changes with respect to the discharge by the Depositary of its liability in accordance with Articles 21(13) and 21(14) through a Regulatory News Service.

Fees of the Depositary

The annual fee payable to the Depositary is on a sliding scale based on the value of assets under management with the maximum fee being 0.015% of the net asset value of the Company.

Custody Charges

In addition to the fees stated above the Depositary shall also be entitled to receive transaction and custody charges in relation to the transaction handling and safekeeping of the Company's assets ("Transaction Charges" and "Custody Charges" respectively). Transaction Charges are for the underlying securities traded in local market exchanges. Custody Charges are for the asset value under administration in each securities market.

The Auditor

The Auditor of the Company is Ernst & Young LLP. The auditor's responsibility is to audit and report on the Company's financial statements in accordance with applicable law and auditing standards for all accounting periods during its appointment.

The Auditor carries out its duties in accordance with applicable laws, rules and regulations, including the audit of the accounting information contained in the annual report of the Company. The Auditor's work has been undertaken so that they might state to the Company's members those matters they are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, the Auditor does not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for their audit work, for their audit report, or for the opinions they formed.

Fees

The fees payable to the Auditor shall be determined by the Directors. The Company's annual report and accounts detail the latest fees paid to the Auditor.

The Registrar

Link Asset Services, whose registered office is 12 Castle Street, St Helier, Jersey, JE2 3RT, has been appointed as the Company's Registrar.

The duties of the Registrar include:

- maintenance of the register of shareholders;
- certifying and registering transfers;
- dealing with routine correspondence from shareholders; and
- maintaining dividend mandates and shareholder legal documentation.

The fees charged by the registrar are based on the number of shareholders on the register of members and the number of transfers that take place among other factors.

Conflicts of interest that may arise from the delegation of functions by the AIFM

The Depositary, the AIFM and the Investment Manager may from time to time act as manager, administrator, custodian, alternative investment fund manager, investment manager or adviser or distributor in relation to, or be otherwise involved in, other funds or collective investment schemes which have similar investment objectives to those of the Company. It is, therefore, possible that any of them may, in the due course of their business, have potential conflicts of interests with the Company. Each will at all times have regard in such event to its obligations under the Company's articles of association and/or any agreements to which it is party or by which it is bound in relation to the Company and, in particular, but without limitation, to its obligations to act in the best interests of the shareholders when undertaking any investments where conflicts of interest may arise and they will each respectively endeavour to ensure that such conflicts are resolved fairly and, in particular, the Investment Manager has agreed to act in a manner which the Investment Manager in good faith considers fair and equitable in allocating investment opportunities to the Company.

There is no prohibition on dealing in assets of the Company by entities related to the Depositary, the AIFM or the Investment Manager provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length and in the best interests of the shareholders. Permitted transactions are subject to (a) a certified valuation of a transaction by a person approved by the Depositary (or in the case of transactions involving the Depositary the Directors) as independent and competent; (b) the execution of transactions on best terms on organised investment exchanges under their rules and, (c) where (a) and (b) are not practical, execution on terms the Depositary (or in the case of transactions involving the Depositary the Directors) is satisfied conform to the principles of normal commercial terms negotiated at arm's length and in the best interests of the shareholders.

Employees or officers of the AIFM, the Investment Manager or its affiliates may directly or indirectly acquire shares. Any acquisition or divestment of shares by such individuals shall be on terms which are no more favourable than those applying to all shareholders. The AIFM and Investment Manager will maintain internal procedures to ensure that the size and timing of any purchases or sales of shares by such individuals shall not conflict with any duties owed to shareholders and the Company by the AIFM and Investment Manager or its affiliates or any employees or officers thereof.

The Company Secretary and Administrator

All secretarial and administrative services are provided by the Company's AIFM.

Investor rights against third party service providers

The Company is reliant on the performance of third party providers including those set out above. No shareholder has any direct contractual claim against any service provider with respect to such service provider's default in providing its services to the Company. Any shareholder who believes they may have a claim against any service provider in connection with their investment in the Company should consult their own independent legal adviser.

SHAREHOLDER INFORMATION

Annual Reports and Accounts

Copies of the Company's latest annual and interim reports may be accessed at www.stsplc.co.uk.

Publication of net asset values

The latest net asset value of the Company may be accessed at www.stsplc.co.uk. The Company also publishes its net asset values on a daily basis via a Regulatory Information Service.

Valuation Policy

Investments are valued at their fair value. The majority of the Company's investments are quoted on one or more exchanges and are valued using prices sourced from third party vendors of market data. For investments which are not traded in active markets, unlisted or restricted investments, the valuation takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

The Company's AIFM acts as its "own valuer" and valuation is undertaken by the risk committee such that valuation is confirmed independently of the portfolio managers and is conducted with due skill, care and diligence. In so doing, Juniper Partners uses information provided by JP Morgan Europe Limited and other independent sources in order to verify the valuations. At least once each year Juniper Partners will undertake a full in-depth review of the value of the underlying assets of the Company. This review is undertaken, where possible, at the same time as the Company's Auditor's annual check of the existence of the holdings and validation of their prices.

Historical performance of the Company

Details of the Company's historical financial performance are provided in the Company's annual reports and accounts and quarterly newsletters, which are available at www.stsplc.co.uk.

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

Purchases and sales of shares by investors

The Company's shares are admitted to the Official List of the FCA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's shares may be purchased and sold on the main market of the London Stock Exchange.

The Company has a discount and premium control policy which aims to ensure that its shares consistently trade at close to net asset value through a combination of share buybacks coupled to the issue of new shares at a small premium to net asset value where demand exceeds supply.

Shareholders do not generally have the right to redeem their shares. While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.

In accordance with the Company’s Articles of Association, and subject to the provisions of statute, ordinary shareholders shall have the right to redeem their shareholding at a price calculated in accordance with the Company’s Articles of Association (‘redemption price’), if the average ex income discount is greater than 7.5 per cent in the last 12 weeks of the Company’s financial year. The redemption price is the net asset value per share less all costs associated with the redemption divided by the number of shares in total being redeemed.

Fair treatment of investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The Listing Rules require that the Company treats all shareholders of the same class of shares equally.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

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

The ordinary shares rank equally with each other.

Key information document

The key information document may be accessed at www.stsplc.co.uk.

RISK FACTORS

The following risks are those considered by the Company and the AIFM to be the material risks arising from the Company’s investing activities but they are not the only risks relating to the Company or its shares. There may also be additional risks that the Company and the AIFM do not currently consider to be material or which are not presently known to them. Before investing in shares, potential investors should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser.

You should also be satisfied that an investment in the Company is suitable for you in light of your circumstances and financial position, and be prepared to accept the risk of losing all or part of your investment.

General

An investment in the Company is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to bear any loss which might result from such an investment. The shares are designed to be held over the long-term and may not be suitable as short-term investments. There can be no guarantee that any appreciation of the Company's investments will occur and therefore investors may not get back the full value of their investment. There can be no guarantee that the investment objective of the Company will be met.

The past performance of the Company is not a guide to the future performance of the Company.

Economic Conditions

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

The Shares

The market value of, and the income derived from, the shares can fluctuate and, notwithstanding any measures that may be taken by the Company to control the Company's discount or premium. The market value of shares may not always reflect the Net Asset Value per share. There can be no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. No assurance can be given that any sale of the Company's investments would realise proceeds which would be sufficient to repay any borrowings or provide funds for any capital repayment to shareholders. Shareholders will bear the rewards and risks of the success or otherwise of the Company's investments.

The market value of the shares, as well as being affected by their Net Asset Value, also takes into account their dividend yield and prevailing interest rates, supply and demand for the shares, market conditions and general investor sentiment. As such, the market value of a share may vary considerably from its underlying Net Asset Value.

Although the shares will be listed on the premium segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities, it is possible that, notwithstanding any measures that may be taken by the Company to control any discount or premium, there may not be a liquid market in the shares and shareholders may have difficulty in selling them.

Borrowing

From time to time the Company finances its investment operations though bank borrowings. Due to the gearing effect of any borrowing undertaken by the Company, shareholders will, to an exaggerated extent, suffer from any underperformance of the Company's assets, compared to the cost of any borrowing (both in Net Asset Value and market price depreciation) and conversely will benefit from any outperformance relative to any borrowing cost. Whilst the use of borrowings should enhance the total return on the shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the shares. As a result, the use of borrowings by the Company may increase the volatility of the Net Asset Value per share. There is no guarantee that any borrowings of the Company would be refinanced on their maturity either at all or on terms that are acceptable to the Company.

Dividends

The Company's dividend policy aims to pay dividends to shareholders on a quarterly basis, but there is no guarantee that dividends will be paid in respect of any financial period. The ability to pay dividends is dependent on a number of factors (including available profits) and there can be no assurance that these will all be met.

Investment objective and strategy

There is no guarantee that the Company's investment objective will be achieved. The Company manages the risk of investment underperformance by relying on the Manager's stock selection skills within a framework of diversification and other investment restrictions and guidelines.

Corporate bonds

Corporate bonds are subject to credit, liquidity, duration and interest rate risks. Adverse changes in the financial position of an issuer of corporate bonds or in general economic conditions may impair the ability of the issuer to make payments of principal and interest or may cause the liquidation or insolvency of an issuer. There can be no assurance as to the levels of default and/or recoveries that may be experienced with respect to corporate bonds.

Market price risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. As such, the Company is exposed to market risk due to fluctuations in the prevailing market rates and this may increase the volatility of the Net Asset Value per share. It is the Company's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular sector. The allocation of assets and the stock selection process are both intended to reduce market risk.

Interest rate risk

The Company is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may impact the fair value of the Company's investments in fixed interest rate securities, the level of income receivable on cash deposits and the level of interest payable on borrowings. The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Foreign currency risks

A significant proportion of the Company's investment portfolio is invested in overseas securities and the balance sheet can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings. Where the Company does not hedge its currency exposure, the movement of exchange rates may have a favourable or unfavourable effect on the gains and losses experienced on investments which are made or realised in currencies other than pounds sterling.

Discount and premium management

The Company may from time to time seek to manage any discount or premium. While the Company may decide to issue shares and to resell shares held in treasury at a small premium to the Net Asset Value per share where demand exceeds supply, this will be dependent upon the Company being able to issue shares and to resell shares held in treasury at a premium, on market conditions generally at the relevant time, upon shareholders in general meeting conferring appropriate authorities on the Board to issue further shares and, where required under the Prospectus Rules, upon a prospectus having been approved by the UK Financial Conduct Authority and published. The Board will seek renewal of this authority from shareholders annually and at other times should this prove necessary. However, there can be no guarantee that requisite shareholder approvals will be obtained.

The ability of the Company to seek to manage any discount, should it decide to do so, will depend on the Company being able to buy back shares, which will be dependent upon shareholders in general meeting conferring authority on the Board to buy back shares. The Board will seek renewal of this authority from shareholders annually and at other times should this prove necessary. However, there can be no guarantee that requisite shareholder approvals will be obtained. Seeking to manage any discount could lead to a significant reduction in the size of the Company over time, which would increase the Company's Ongoing Charges Ratio and prejudice the ability of the Company to maintain its target dividend yield. In accordance with the Listing Rules and applicable corporate governance guidance, the extent of each buy-back authority which will be sought by the Company from shareholders in general meeting will be limited to 14.99 per cent. of the Company's issued share capital as at the date on which the authority would be granted. In order to continue buying back shares once any such authority has been exhausted, the Company would require to seek a renewed buy-back authority from shareholders in general meeting.

The ability of the Company to buy back shares will be subject to the UK Companies Act 2006 and all other applicable legislation, rules and regulations of any government, regulatory body or market applicable to the Board or the Company and, in particular, will be dependent on the availability of distributable reserves.

Market liquidity

The Company is required to satisfy the liquidity test criteria specified by the FTSE at each annual review to maintain its place in the FTSE All-Share Index. The liquidity of the Company is monitored by the Board, the Manager and the Company's broker with a report being reviewed at every Board meeting. Inclusion in the FTSE All-Share Index supports a company's liquidity and capital raising, as well as being an important comparator of performance. Failure to meet the criteria for inclusion could lead to reduced liquidity of the shares.

Counterparty and operational risk

The Company has outsourced its operational infrastructure to third party organisations. The Company therefore relies on the performance of third party service providers to perform its functions and, in particular, on the AIFM, the Investment Manager and Depositary who perform services which are integral to the Company's operations and financial performance. Contracts and service level agreements have been defined to ensure that the service provided by each third party organisation is of a sufficiently professional and technically high standard.

Periodically the Board requests that representatives from other third party service providers (such as the Auditors and Depositary) attend Board meetings to give the Board the opportunity to ensure service standards continue to meet the Company's requirements. That said, failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment, to exercise due care and skill, or to perform its obligations to the Company at all as a result of insolvency, bankruptcy or other causes could have a material adverse effect on the Company's performance and returns to shareholders.

The termination of the Company's relationship with any third party service provider or any delay in appointing a replacement for such service provider, could disrupt the business of the Company materially and could have a material adverse effect on the Company's performance and returns to shareholders.

Cessation of investment trust status

The Company attempts to conduct its business so as to satisfy the conditions for approval as an investment trust under s1158 – 1159 of the Corporation Tax Act 2010. The qualification criteria are continually monitored. Breach of the tests that a company must meet to gain approval as an investment trust company could lead to the Company being subject to tax on capital gains.

Tax and accounting

Any change in the Company's tax status or in taxation legislation or accounting practice could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders. Representations in this document concerning the taxation of investors are based upon current tax law and practice which are, in principle, subject to change. Any change in accounting standards may adversely affect the total value of the Company's net assets in its books of account or restrict the ability of the Company to pay dividends.

Regulation

The Company is subject to a range of legal, regulatory and other requirements and standards. Failure to comply with these requirements and standards could adversely affect the returns available to shareholders and/or the ability of investors to hold or deal in the shares.

Derivatives

The Company may invest in complex derivative instruments that seek to modify or emulate the investment performance of particular securities, commodities, currencies, interest rates, indices, markets or specific risks thereof on a leveraged or unleveraged basis which can be equivalent to a long or short position in the underlying asset or risk.

These instruments generally have counterparty risk and may not perform in the manner expected, thereby resulting in greater loss or gain than might otherwise be anticipated. These investments are all subject to additional risks that may result in a loss of all or part of an investment, such as interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity.

Derivatives may have very high leverage embedded in them which may substantially magnify market movements and result in losses substantially greater than the amount of the investment, which in some cases could represent a significant portion of a strategy's assets. Some of the markets in which derivative transactions are effected are over-the-counter or interdealer markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as they are members of exchange based markets.

This exposes the Company to the risks that counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. The Company is not restricted from dealing with any one particular counterparty or from concentrating all of its transactions with one particular counterparty.

Details of the Company's key risks are also set out in the Company's annual report and accounts, which may be accessed on the Company's website.

RISK MANAGEMENT

Risk profile

The Company's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Company is exposed are those highlighted in the section entitled “Risk Factors” above: namely, market price risk, foreign currency risk, credit and counterparty risk and interest rate risk.

The AIFM assesses the sensitivity of the Company's portfolio to the most relevant risks to which the Company is or could be exposed on an ongoing basis.

The current risk profile of the Company will be disclosed periodically to investors by disclosure in the Company’s annual report and accounts or more frequently at the AIFM’s discretion.

Risk management systems

The Company’s key risks are monitored by the AIFM on an ongoing basis, and by the Board and Investment Manager on a regular basis. The AIFM’s investment review and monitoring process is used to identify and, where possible, reduce risk.

The risk management systems which the AIFM employs to manage the risks which are most relevant to the Company will be disclosed periodically to investors by disclosure in the Company’s annual report and accounts or more frequently at the AIFM’s discretion.

Liquidity risk management

The AIFM has a liquidity management policy in relation to the Company which is intended to ensure that the Company's investment portfolio maintains a level of liquidity which is appropriate to meet the Company's ongoing obligations.

This policy involves an assessment by the AIFM of the prices or values at which it expects to be able to liquidate its assets over varying hypothetical periods in varying market conditions, taking into account the sensitivity of particular assets to particular market risks and other relevant factors.

The liquidity management policy requires the AIFM to identify and monitor its investment in asset classes which are considered to be relatively illiquid. Illiquid assets of the Company are likely to include investments in new issues and less liquid quoted securities. The risk of the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given the liquid nature of the portfolio of investments and the level of cash and cash equivalents ordinarily held.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

Investors will be notified, by way of a disclosure on its website, in the event of any material changes being made to the liquidity management systems and procedures or where any new arrangements for managing the Company's liquidity are introduced.

The Company will periodically disclose to investors the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature. The Company will make this disclosure on its website at the same time as it makes its annual report and accounts available to investors or more frequently at its discretion.

Professional negligence liability risks

The AIFM covers potential professional liability risks resulting from those activities the AIFM carries out pursuant to the AIFMD, as transposed by the AIFMD Regulations, by holding additional capital on its balance sheet as required by article 14 of the AIFMD level 2 regulations (additional own funds).

The AIFM also complies with the qualitative requirements addressing professional liability risks in article 13 of the AIFMD level 2 regulation (qualitative requirements addressing professional liability risks).

Brokerage practices and use of dealing commission

The depositary agreement provides that neither the Depositary nor its delegates shall reuse the Company’s investments without the prior consent of the Company or of the AIFM acting on behalf of the Company.

The AIFM has appointed the Investment Manager to conduct portfolio management services on behalf of the Company. An important part of their role is to select brokers with whom orders can be placed to execute investment decisions on behalf of the Company. The Investment Manager trades with brokers using execution-only commission rates. The Investment Manager pays for research services directly under separate agreements in accordance with its inducements and research payment policy.

SUSTAINABILTY-RELATED DISCLOSURES

The following disclosures relate to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector known as the Sustainable Finance Disclosure Regulation ("SFDR") and Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment known as the Taxonomy Regulation (the "Taxonomy Regulation").

SFDR and the Taxonomy Regulation are not generally applicable to Juniper Partners, the Investment Manager or the Company as entities outside the European Union (the "EU"). However, given the Company is registered for marketing in the EU, certain product-level requirements under SFDR and the Taxonomy Regulation apply to the Company.

Integration of sustainability risks

As part of its investment decision-making process, the Investment Manager, in addition to its analysis of financial risks, carries out fundamental analysis of non-financial environmental, social or governance ("ESG") factors including sustainability risks. For these purposes the Investment Manager considers a sustainability risk to be a risk relating to an ESG event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment. The Investment Manager analyses sustainability risks to determine how such risks might materially influence the long-term returns (more than 5 years) from an investment. For a sustainability risk to have a material negative impact, the impact must be more than de minimis.

The Investment Manager also seeks to identify circumstances in which ESG factors may enhance the available returns from an investment.

The fundamental analysis of sustainability risks is part of the investment decision-making process and feeds into a holistic assessment of the investment case. In certain circumstances, the Investment Manager may choose not to invest, but the identification and assessment of sustainability risks does not in itself preclude investment. The Investment Manager conducts ongoing monitoring of investments, including sustainability risks. If the Investment Manager's perception of such a risk increases in relation to an investment, the Investment Manager may aim firstly to resolve the issue through engagement with management and/or exercising its voting rights and, failing that, may choose to divest.

The analysis of sustainability risks is the responsibility of the Investment Manager's investment team and is integrated within the research process. The Investment Manager performs internal ESG research and also uses external ESG research providers.

Information on how sustainability risks may impact returns on the Company's investments

Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. Assessment of sustainability risks is complex and requires subjective judgements, which may be based on data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that the Investment Manager will correctly assess the impact of sustainability risks on the Company's investments. To the extent that a sustainability risk occurs, or occurs in a manner that is not anticipated by the Investment Manager, there may be a sudden, material negative impact on the value of an investment, its liquidity, and hence the returns of the Company.

In general, where a sustainability risk occurs, there may be a negative impact on, and possibly an entire loss of, its value. For a corporate, this may be because of damage to its reputation with a consequential fall in demand for its products or services, loss of key personnel, exclusion from potential business opportunities, increased costs of doing business and/or increased cost of capital. A corporate may also suffer the impact of fines and other regulatory sanctions. The time and resources of the corporate's management team may be diverted from furthering its business and be absorbed seeking to deal with the sustainability risk, including changes to business practices and dealing with investigations and litigation. Sustainability risks may also give rise to loss of assets and/or physical loss including damage to real estate and infrastructure. The utility and value of assets held by businesses to which the Company is exposed may also be adversely impacted by a sustainability risk.

Sectors, regions, businesses and technologies which are carbon-intensive, higher polluting or otherwise cause a material adverse impact on sustainability factors may suffer from a significant fall in demand and/or obsolescence, resulting in stranded assets the value of which is significantly reduced or entirely lost ahead of their anticipated useful life.

When investing in equity securities, sustainability risks may lead to an increase in the volatility of a security and/or decrease the liquidity of a security, which may affect the Company's ability to sell the relevant investment at what the Investment Manager considers a fair price.

Where a company does not take sustainability risks into account as part of its business strategy this can have a negative effect on the company's share price. Such risks, if not addressed, may have a negative impact on the value of the Company.

Where investing in debt securities, issuers may be exposed to sustainability risks which may adversely affect the creditworthiness of the issuer and therefore the value of its securities.

Adverse sustainability impacts

For the purposes of article 7(2) of SFDR, Juniper Partners does not consider the adverse impacts of investment decisions on sustainability factors in relation to the Company as it is not involved in the investment decision-making process.

Environmentally Sustainable Economic Activities

For the purposes of article 7 of the Taxonomy Regulation, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation.

AMENDMENT

Amendment of this Document

The information in this document will be reviewed and updated (as necessary) at least annually. Any changes made to this document will be notified to investors by way of disclosure on the Company's website.