

# Proposed Change of Investment Objective and Investment Policy and Tender Offer

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BLACKROCK AMERICAN INCOME TRUST PLC (“BRAI” or the “Company”)

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Proposed Change of Investment Objective and Investment Policy and Tender Offer

28 February 2025

Further to the Company’s Annual Results announcement released on 28 February 2025 which outlined proposals to change the Company’s investment strategy, the Company is pleased to announce that it has today published a shareholder circular (the “Circular”) setting out recommended proposals for (i) the adoption of a new investment objective and investment policy and (ii) a tender offer for up to 20 per cent of the issued share capital (excluding Ordinary Shares held in treasury).

Unless otherwise defined, the terms used in this announcement shall have the same meaning as set out in the Circular.

## 1. Introduction

The Board recognises that the Company’s investment performance relative to the Russell 1000 Value Index has been challenged for some time. Further, the Board has sought to offer Shareholders active investment management at a lower cost and to identify a differentiated investment strategy that Shareholders will find appealing and which better enables the Company to achieve greater scale.

Over the last 9 months, the Board engaged with its advisers to consider a number of strategic options available to the Company to address these points. As part of this review of options the Board also considered Shareholder feedback on the Company’s current strategy.

Accordingly, following a thorough review and after careful consideration, and subject to the approval of Shareholders, the Board is proposing to amend the Company’s investment approach (including its investment objective and investment policy) based on a proposal that was presented by BlackRock which is focused on a systematic active equity strategy. Shareholders should note that if the Continuation Vote is not passed at the 2025 AGM, the Proposals will not be put to Shareholders and the General Meeting will be adjourned.

A summary of the proposed key changes in the investment approach are set out below:

- adopt a systematic active equity investment process. By combining the power of big data, artificial intelligence and human expertise, the systematic investment process offered by BlackRock aims to unlock new ways to seek consistent portfolio outcomes and exploit market inefficiencies; and

- maintain focus on a value investment style but narrow the primary geographic focus of the Company from North America to the US.

The strategy will continue to benchmark performance against the Russell 1000 Value Index, providing a diversifier from US growth allocations. There are few US equity-focused investment trusts and fewer focused with a value bias. Subject to the approval of the amendment to the Company's investment objective and investment policy, it is believed the Company will be the first investment trust through which to access a systematic active equity strategy in the UK. Similar to the existing investment policy the portfolio managers will retain the flexibility to invest up to 20 per cent. of gross asset value in securities that are not US equity securities, but in practice the Company is expected to be 100 per cent. invested in US equity securities.

At the same time the Board will take the opportunity to remove the ability to invest in options for investment purposes and write covered call options, which have not been used for a number of years, and following the review of the implications of the United Kingdom's Sustainability Disclosure Requirements last year and the removal of "Sustainable" from the Company's name, the new approach will remove the ESG baseline screens and ESG outperformance targets. Whilst ESG information and data will still form some of the important inputs of the research and investment process, by removing the ESG commitments the portfolio managers will have access to the entire investment universe.

Feedback from Shareholders has demonstrated that investors appreciate the Company's exposure to the value investment style, in contrast to many other US focused investment trusts, as well as the attractive level of income. The Board has therefore sought to retain and enhance these core elements of the strategy.

The revised strategy will be run by the Investment Manager's Systematic Active Equity team which has nearly four decades of research and investment experience. Further information on the detailed approach of the team is set out below.

### ***Enhanced dividend policy and gearing***

Subject to the approval by Shareholders of the amendment to the Company's investment objective and investment policy, the Company will adopt a dividend policy pursuant to which dividends will be calculated and paid quarterly, based on 1.5 per cent. of the NAV at close of business on the last working day of January, April, July and October respectively (being equivalent to 6 per cent. of NAV annually).

The Board will also work with the Investment Manager to introduce gearing to the strategy to make use of the tools available within the investment trust structure.

### ***Revised management fees***

In conjunction with, and subject to, the adoption of the new strategy, the Company will also benefit from improved management fee terms, currently charged at 0.70 per cent. of the Net Asset Value per annum, with management fees to be charged on the following basis:

- 0.35 per cent. of the Net Asset Value up to and including £350 million; and
- 0.3 per cent. of the Net Asset Value in excess of £350 million.

### ***Tender Offer and introduction of new regular discount control mechanism***

The Board is mindful that the Ordinary Shares have traded at a discount to Net Asset Value for some time and, subject to Shareholder approval of the Proposals, has consequently determined to implement a tender offer that will give Shareholders the opportunity to tender up to 20 per cent. of the Company's issued share capital (excluding Ordinary Shares held in treasury) at a discount of 2 per cent. to the cum-income NAV per Ordinary Share as at close of business on the Calculation Date adjusted for the related portfolio realisation costs.

In addition, subject to Shareholder approval of the amendment to the Company's investment objective and investment policy, the Board will introduce an update to the Company's discount management policy in respect of each 3-year period from 1 May 2025 (a "**Calculation Period**"). This update will offer Shareholders the opportunity to tender for up to 100 per cent. of the Company's issued share capital (excluding Ordinary Shares held in treasury) at a tender price reflecting the latest cum-income NAV per Ordinary Share less 2 per cent. and adjusted for the related portfolio realisation costs where the annualised total NAV return of the Company does not exceed the annualised benchmark return (being the Russell 1000 Value Index) GBP (net total return) by more than 50 basis points over the relevant Calculation Period<sup>[1]</sup>. The Board may also, at its discretion, determine to implement a tender offer on the

basis set out above where the cum-income Net Asset Value of the Company as at close of business on the last Business Day of a Calculation Period is less than £125 million.

### ***Fee holiday and costs contribution***

Finally, subject to the approval of the amendment to the Company's investment objective and investment policy, the Manager has agreed to make a contribution to the costs of the Proposals that do not relate to the Tender Offer, such that the Proposals are cost-neutral to Shareholders in respect of their continuing investment in the Company, and a six-month management fee holiday in respect of the period 1 May 2025 to 31 October 2025.

### ***General Meeting***

The proposed change of investment objective and investment policy, the reduction in management fee, the new discount control policy, the enhanced dividend policy, the management fee holiday and contribution to the costs are all conditional on the passing of the resolution to amend the Company's investment objective and investment policy to be proposed at the General Meeting. The Tender Offer is conditional on the passing of both Resolutions to be proposed at the General Meeting.

The purpose of the Circular is to explain the background to the Proposals and the actions required to be taken in order for them to be implemented and to convene the General Meeting, notice of which is set out at the end of the Circular, to seek the required Shareholder approvals. The General Meeting will be held at 12.15 p.m. on 16 April 2025 (or as soon thereafter as the 2025 AGM concludes or is adjourned) at 12 Throgmorton Avenue, London, EC2N 2DL. Further details of the Resolutions to be proposed at the General Meeting are set out in the Circular.

## **2. Rationale, and benefits of, the Proposals**

The Board believes that the Proposals will offer Shareholders the following benefits:

- **A compelling change of mandate:** The Investment Manager will adopt a modern systematic active equity investment process, while preserving the Company's primary exposure to US equities and maintaining the portfolio's value investment style. By combining the power of big data, artificial intelligence and human expertise, the systematic investment process offered by the Investment Manager aims to unlock new ways to seek consistent portfolio outcomes and exploit market inefficiencies. Further details on the characteristics of this approach are set out below. To date, the Board understands that the proposed systematic active equity strategy has not been available in a UK closed-ended investment trust, making this the first opportunity to have access to this strategy.
- **Enhanced dividend policy:** The Company will adopt a dividend policy pursuant to which dividends will be calculated and paid quarterly, based on 1.5 per cent. of the NAV at close of business on the last working day of January, April, July and October respectively (being equivalent to 6 per cent. of NAV annually). Shareholders will be able to maintain exposure to the US equity market, which now represents approximately 74 per cent. of global developed markets, whilst receiving an income yield significantly above the natural yield of the US market. The Board believes the Company's proposed approach may be attractive to investors with an income requirement who do not wish to reduce their US weighting.
- **Reduced management fees and OCR<sup>[2]</sup>:** The Company will benefit from improved management fee terms which, depending on the number of Ordinary Shares tendered under the Tender Offer, will produce a competitive OCR estimated to be approximately 0.70-0.80 per cent. compared to the Company's current OCR of 1.06 per cent.
- **Partial cash exit:** Based on the current market price of the Ordinary Shares, the Tender Offer is expected to provide Eligible Shareholders who wish to reduce their holdings of Ordinary Shares with an opportunity to do so at a premium to the current market price, whilst permitting Shareholders who wish to retain their investment in the Company to do so, allowing them to benefit from the Company repurchasing its own shares at a price which is expected to be accretive to the NAV per Ordinary Share.
- **Discount / premium management policy:** The Board will introduce an update to the Company's discount / premium management policy in respect of each Calculation Period which in certain circumstances will offer Shareholders the opportunity to tender for up to 100 per cent. of the Company's issued share capital (excluding Ordinary Shares held in treasury). The Board believes that the Tender Offer and updated discount / premium management policy strike the right balance between responding to the Company's discount and preserving scale for the Company, in addition to the Company's existing share buyback programme.

- **Fee holiday and cost contribution from the Manager:** The Manager has agreed to a six-month management fee holiday in respect of the period 1 May 2025 to 31 October 2025 and to make a contribution to the costs of the Proposals that do not relate to the Tender Offer, such that the Proposals are cost-neutral for Shareholders in respect of their continuing investment in the Company.

### 3. Change of investment objective and investment policy

#### **Introduction**

As set out above, over the last 9 months, the Board engaged with its advisers to consider a number of strategic options available to the Company and, following a thorough review and after careful consideration, and subject to the approval of Shareholders, the Board is proposing to amend the Company's investment objective and investment policy based on a proposal that was presented by BlackRock which is focused on a systematic active equity strategy.

Feedback from Shareholders has demonstrated that investors appreciate the Company's exposure to the value investment style, in contrast to many other US focused investment trusts, as well as the attractive level of income. The Board has therefore sought to retain and enhance these core elements of the strategy.

The full text of the amended investment objective and investment policy is set out in Part 2 (*Amended Investment Objective and Investment Policy*) of the Circular.

#### **Systematic active equity investment approach**

It is proposed that the Company adopts an investment strategy that employs a systematic active equity approach, which relies on human insight and investment oversight but harnesses big data, machine learning and the power of artificial intelligence to construct portfolios and exploit market inefficiencies. The Board believes a systematic active equity strategy can provide risk-controlled, consistent returns, with the benefit of running an investment mandate at a materially lower cost. The amended investment policy envisages that the Company's portfolio will in future comprise between 150 and 250 equity securities (compared to up to 60 holdings in the current investment policy) as a consequence of employing a systematic active equity approach.

In addition, the Board is keen to take advantage of the closed-ended investment trust structure. Accordingly, the investment policy retains the ability to employ gearing for investment purposes.

The Company's current investment objective is to provide an attractive level of income together with capital appreciation over the long term. The proposed amendments to the Company's investment objective shall retain a focus upon providing long term capital growth, whilst paying an attractive level of income, which is to be achieved through making use of the systematic active equity investment approach.

Following the review of the implications of the United Kingdom's Sustainability Disclosure Requirements last year and the removal of "Sustainable" from the Company's name, the new approach will not include the ESG baseline screens and ESG outperformance targets. Whilst ESG information and data will still form some of the important inputs of the research and investment process, by removing the ESG commitments the portfolio managers will have access to the entire investment universe.

Further information in respect of the proposed systematic active equity investment strategy and the Investment Manager's SAE team is set out below under the heading "*Systematic Active Equity Investing*".

#### **Geographic focus**

The Company's current investment policy is to invest primarily through investment in a diversified portfolio of North American equity securities. "**North America**", in accordance with the United Nation's publication "Standard Country or Area Codes for Statistical Use", means Bermuda, Canada, Greenland, Saint Pierre and Miquelon and United States of America and "**North American**" is construed accordingly. Further currently, no more than 25 per cent. of the gross asset value of the Company, at the time of investment, may be invested in securities outside of North America.

Following consistent Shareholder feedback, it is proposed to narrow the primary geographic focus of the Company from North America to the US and to further restrict the ability of the Company to invest in securities that are not US equity securities to no more than 20 per cent. of the gross asset value of the Company, at the time of investment. Whilst the portfolio managers will retain this flexibility, in practice the Company is expected to be 100 per cent. invested in US equity securities.

#### **Use of derivatives and ability to write call options**

The Company ceased to deploy an active options overlay strategy in 2021 but retained the flexibility to use options on a selective basis for investment purposes and to write covered call options in respect of

its portfolio, if there was a compelling case to do so. Under the amended investment policy the Company will no longer be able to invest in options for investment purposes or to write covered call options in respect of its portfolio which is reflective of both the current and proposed investment strategy.

The Company has received written approval from the Financial Conduct Authority to make the amendments to the Company's investment objective and investment policy described above and set out in Part 2 (*Amended Investment Objective and Investment Policy*) of the Circular and, consequently, in accordance with the UK Listing Rules, Shareholder approval is now being sought for those amendments at the General Meeting.

#### **4. Systematic Active Equity Investing**

##### ***The Systematic Active Equity team***

Subject to the amendment to the Company's investment objective and investment policy being approved, the new strategy will be managed by the Investment Manager's Systematic Active Equity ("**SAE**") team which comprises over 90 investment professionals. The SAE team has nearly four decades of research and practical experience of adding value to clients' portfolios through the application of advanced portfolio management techniques. The team has been running strategies since 1985 and currently manages £25.4 billion in dedicated US large cap strategies. Throughout its history the team has sought to innovate and evolve the insights used within the investment process, while maintaining the core philosophy of blending human insight, data, and cutting-edge technology.

The SAE team's intellectual capital comes from the high-quality people within the team, their diverse backgrounds and collaboration, working closely together to cross-pollinate ideas. Researchers and portfolio managers are drawn from fields such as accounting, engineering, economics, computer science, finance, physics and have previous expertise at tech firms, NASA, academia as well as competitors. The SAE team leverages its primary base in the San Francisco Bay Area where it hires and retains best in class computer scientists. The Investment Manager believes that scale as well as intellectual capital is required to have on-going success in the scientific quantitative equity field. The SAE team conducts over 100 data trials annually, has a multi-million-dollar annual data budget and has developed technology that enables running a five year "back-test" to assess the viability of a potential investment strategy based upon historical data from the preceding five years in just over a second.

The proposed portfolio managers for the new strategy are:

**Travis Cooke, CFA**, Managing Director, is Head of the US portfolio management group within the SAE team. He is responsible for the management of the US long-only, partial long-short, and long-short equity strategies within SAE.

Mr. Cooke's service dates back to 1999, including his years with Barclays Global Investors ("**BGI**"), which merged with BlackRock in 2009. At BGI, he was a portfolio manager for various developed market strategies within the Alpha Strategies Group. Mr. Cooke earned a BA degree in business economics from the University of California at Santa Barbara in 1998, and an MSc in finance from London Business School in 2008. Additionally, Mr. Cooke has been a CFA charterholder since 2001.

**Muzo Kayacan, CFA**, Director, is a Portfolio Manager and Head of EMEA Product Strategy in the Systematic Active Equity division of BlackRock's Portfolio Management Group. He is responsible for managing Global and European funds as well as overseeing the EMEA Product Strategy team, who provide a link between investment teams and clients.

Prior to joining BlackRock in 2010, Mr. Kayacan was a Senior Associate Portfolio Manager at AllianceBernstein, where he was responsible for implementing investment decisions in Global Developed and Emerging Markets institutional equity portfolios, as well implementing active and passive currency hedging strategies. From 2005-2007 he completed a graduate training scheme with M&G, followed by a role in the product development team.

Before joining M&G he was a futures trader. Mr Kayacan earned a bachelors degree in Psychology from Warwick University in 2003. He has been a CFA charterholder since September 2009.

Further information on the Systematic Active Equity investment process can be found in the Circular.

#### **5. Tender Offer**

The Tender Offer is being implemented to give Shareholders (other than certain Overseas Shareholders) the opportunity to tender up to 20 per cent. of the Company's issued share capital (excluding Ordinary Shares held in treasury) at a discount of 2 per cent. to the cum-income NAV per Ordinary Share as at close of business on the Calculation Date adjusted for the related portfolio realisation costs. The Company retains the flexibility to continue to buy back Ordinary Shares under its current buyback programme.

Under the terms of the Tender Offer:

- Eligible Shareholders will be able to tender up to 20 per cent. of the Ordinary Shares registered in their names on the Register as at the Record Date (the "**Basic Entitlement**"), rounded down to the nearest whole number of Ordinary Shares.
- Any Eligible Shareholder tendering up to their Basic Entitlement will have their tender satisfied in full.
- Any Eligible Shareholder may tender shares in excess of their Basic Entitlement (an "**Excess Application**"), and such Excess Application will be satisfied if there are sufficient remaining Available Shares.
- Such Available Shares shall be apportioned to Eligible Shareholders *pro rata* to their Excess Applications, should other Eligible Shareholders not tender the full amount of their Basic Entitlement and as a result of certain Overseas Shareholders not being permitted to participate in the Tender Offer.
- The Tender Price will take account of the costs and expenses of the Tender Offer (including stamp duty and related portfolio realisation costs) and accordingly such costs and expenses will be borne by Tendering Shareholders.

The Record Date for participation in the Tender Offer is 6.00 p.m. on 17 April 2025. The Tender Offer is conditional on the passing of the Resolutions set out in the notice of the General Meeting at the end of the Circular. The Tender Offer is also subject to certain conditions set out in paragraph 2 of Part 4 of the Circular. In addition, the Tender Offer may be suspended or terminated in certain circumstances, as set out in paragraphs 2 and 8 of Part 4 of the Circular.

Ordinary Shares that are tendered for acceptance under the Tender Offer may not be sold, transferred, charged or otherwise disposed of. Ordinary Shares that are tendered for acceptance under the Tender Offer may only be withdrawn with the prior consent of the Board.

Shareholders' attention is drawn to the letter from Cavendish in Part 3 of the Circular and to the details set out in Part 4 of the Circular which, together (where applicable) with the Tender Form, constitute the terms and conditions of the Tender Offer. Details of how to tender Ordinary Shares can be found in paragraph 3 of part 4 of the Circular.

In making the Tender Offer, Cavendish will purchase the Ordinary Shares which have been validly tendered as principal by means of an on-market purchase from tendering Shareholders and will sell the tendered Ordinary Shares acquired by it on to the Company pursuant to the terms of the Repurchase Agreement. Ordinary Shares acquired by the Company from Cavendish under the Repurchase Agreement may be held in treasury or cancelled.

The Tender Offer is not available to certain Overseas Shareholders. The attention of Overseas Shareholders is drawn to paragraph 9 of part 4 of the Circular.

The Tender Offer is being made to US Shareholders in compliance with the applicable US tender offer rules under the US Exchange Act, including Regulation 14E thereunder and otherwise in accordance with the requirements of English law, the London Stock Exchange and the FCA. Accordingly, the Tender Offer may be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law.

The attention of US Shareholders is drawn to the section titled "*Notice For US Shareholders*" on page 4 of the Circular and paragraph 10 of Part 4 of the Circular.

## **6. Reduction in management fees and fee holiday**

In conjunction with, and subject to, the proposed adoption of the new strategy, the Company will benefit from improved management fee terms, with management fees to be charged on the following basis:

- 0.35 per cent. of the Net Asset Value up to and including £350 million; and
- 0.30 per cent. of the Net Asset Value in excess of £350 million.

This compares with the Company's current management fees of 0.7 per cent. per annum of the Net Asset Value.

Depending on the number of Ordinary Shares tendered under the Tender Offer, the revised management fees will produce a competitive OCR estimated to be approximately 0.70-0.80 per cent. compared to the Company's current OCR of 1.06 per cent.

In addition, the Manager has agreed to a six-month management fee holiday in respect the period 1 May 2025 to 31 October 2025.

## **7. Discount / premium management policy**

The Directors recognise the importance to investors that the market price of the Company's shares should not trade at a significant premium or discount to the underlying Net Asset Value per Ordinary Share. Accordingly, the Directors monitor the share price closely, receiving regular updates from the Investment Manager and the Company's corporate broker, Cavendish, and in normal market conditions may use the Company's share buy back and share issue powers to ensure that the share price does not go to an excessive discount or premium.

Over the Company's financial year to the end of October 2024, the Company's shares have traded at an average discount of 9.6 per cent. During the year, the Company purchased 8,280,074 Ordinary Shares at an average price of 194.78p per Ordinary Share at an average discount of 9.9 per cent. for a total cost of £16,128,000. The buy back of Ordinary Shares during the financial year provided a gross capital uplift of £1.75 million (1.07 per cent. of daily average Net Asset Value). Since the year end and up to the Latest Practicable Date, a further 3,136,986 Ordinary Shares have been bought back at an average price of 205.06p per Ordinary Share for a total cost of £6,449,000. Of the 11,417,060 Ordinary Shares bought back, all were placed in treasury and 5 million were subsequently cancelled. No Ordinary Shares were issued during the financial year to the end of 2024 and up to the Latest Practicable Date.

As set out above, the Board is mindful that the Ordinary Shares have traded at a discount to Net Asset Value for some time and therefore, subject to Shareholder approval of the Proposals, has determined that the Company implement the Tender Offer. In addition, subject to Shareholder approval of the amendment to the Company's investment objective and investment policy, the Board will introduce an update to the Company's discount management policy in respect of each Calculation Period. This update will offer Shareholders the opportunity to tender for up to 100 per cent. of the Company's issued share capital (excluding Ordinary Shares held in treasury) at a tender price reflecting the latest cum-income NAV per Ordinary Share less 2 per cent. and adjusted for the related portfolio realisation costs where the annualised total NAV return of the Company does not exceed the annualised benchmark return (being the Russell 1000 Value Index) GBP (net total return) by more than 50 basis points over the relevant Calculation Period<sup>[3]</sup>.

The Board may also, at its discretion, determine to implement a tender offer on the basis set out above where the cum-income Net Asset Value of the Company as at close of business on the last Business Day of the relevant Calculation Period is less than £125 million.

The making and implementation of each tender offer will be conditional, amongst other things, upon the Company having the required shareholder authority or such shareholder authority being obtained, the Company having sufficient distributable profits to effect the repurchase of any successfully tendered shares and, having regard to its continuing financial requirements, sufficient cash reserves to settle the relevant transactions with Shareholders and the Company's triennial continuation vote having been approved at the annual general meeting that immediately precedes the end of the relevant Calculation Period. The Board believes that a three-year performance target provides sufficient time for the Investment Manager to implement its investment strategy, and it believes that it is in Shareholders' interests as a whole that this time period for assessing performance be adopted.

The Board believes that the tender offer proposals strike the right balance between responding to the Company's discount and preserving scale for the Company in addition to the Company's existing share buyback programme.

At the general meeting of the Company held on 23 January 2025, Shareholders voted in favour of a special resolution to authorise the Company to buy-back up to 14.99 per cent. of the issued share capital (the "**Buyback Authority**"). Shareholders will be asked to vote upon the renewal of the Buyback Authority at the Company's annual general meeting to be held on 16 April 2025. The Buyback Authority is separate and in addition to the authority being sought in respect of the Tender Offer at the General Meeting.

## **8. Costs and expenses of the Proposals**

Subject to the approval of the amendment to the Company's investment objective and investment policy, the Manager has agreed to make a contribution to the costs of the Proposals that do not relate to the Tender Offer, such that the Proposals are cost-neutral for Shareholders in respect of their continuing investment in the Company (the "**Cost Contribution**").

The amount of the Cost Contribution will be payable to the Company following approval of the amendment to the Company's investment objective and investment policy, and the Manager may elect to settle the Cost Contribution by way of offset against the management fees payable to the Manager under the Investment Management Agreement.

In the event the Proposals are not approved, the Company will bear its costs and expenses of the Proposals in their entirety, which are expected to be approximately £170,000, exclusive of VAT, where applicable.

The fixed costs and expenses (excluding stamp duty/stamp duty reserve tax, broker commission and the estimated related portfolio realisation costs) relating to the Tender Offer assuming that the Tender Offer is taken up in full are expected to be approximately £69,000, exclusive of VAT, where applicable. The fixed costs and expenses relating to the Tender Offer include a proportionate share of the fixed costs and expenses of the Proposals that do not relate solely to the Tender Offer calculated by reference to the proportion of the Company's issued share capital tendered pursuant to the Tender Offer (excluding Ordinary Shares held treasury). Such fixed costs and expenses, the broker commission and the stamp duty/stamp duty reserve tax payable on the repurchased Ordinary Shares will be borne by Tendering Shareholders through the application of the 2 per cent. discount applied to the Company's cum-income Net Asset Value per Ordinary Share as at the Calculation Date.

If the Calculation Date had been the close of business on the Latest Practicable Date and assuming the Tender Offer is taken up in full and stamp duty/stamp duty reserve tax, broker commission and estimated related portfolio realisation costs of £271,000, the Tender Price would have been 223.6724p compared to the Ordinary Share price as at that date of 211.00p.

## 9. Expected Timetable

Latest time and date for receipt of proxy appointments (whether online, via a CREST Proxy Instruction, via Proximity or by hard copy proxy form) in respect of the General Meeting	12.15 p.m. on 14 April 2025
Record time and date for entitlement to vote at General Meeting	6.00 p.m. on 14 April 2025
General Meeting	12.15 p.m. on 16 April 2025 (or as soon thereafter as the 2025 AGM concludes or is adjourned)
Results of General Meeting announced	16 April 2025
Latest time and date for receipt of Tender Forms and TTE Instructions	1.00 p.m. on 17 April 2025
Record Date for Tender Offer	6.00 p.m. on 17 April 2025
Calculation Date	close of business on 17 April 2025
Results of Tender Offer and Tender Price announced	22 April 2025
CREST accounts settled in respect of unsold tendered Ordinary Shares held in uncertificated form	29 April 2025
Payments through CREST made in respect of Ordinary Shares held in uncertificated form successfully tendered	29 April 2025
Cheques dispatched in respect of Ordinary Shares held in certificated form successfully tendered and balancing share certificated dispatched	29 April 2025

## Enquiries:

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## **Disclaimer**

This announcement contains forward-looking statements. These forward-looking statements include all matters that are not historical facts. These forward-looking statements are made based upon the Company's expectations and beliefs concerning future events impacting the Company and therefore involve a number of risks and uncertainties. Forward-looking statements are not guarantees of future performance, and the Company's actual results of operations, financial condition and liquidity may differ materially and adversely from the forward-looking statements contained in this announcement. Forward-looking statements speak only as of the day they are made and the Company does not undertake to update its forward-looking statements unless required by law.

The distribution of this announcement in certain jurisdictions may be restricted by law. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the observance of any legal requirements in their jurisdiction, including, without limitation, any relevant requirements in relation to the ability of such holders to participate in the Tender Offer.

The Tender Offer is not being made directly or indirectly in or into Australia, Canada, Japan, New Zealand, South Africa or any jurisdiction into which the making of the Tender Offer would constitute a violation of the relevant laws and regulations in such jurisdiction, and cannot be accepted from within Australia, Canada, Japan, New Zealand, South Africa or any jurisdiction into which the making of the Tender Offer would constitute a violation of the relevant laws and regulations in such jurisdiction.

Cavendish Capital Markets Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is acting exclusively for the Company and no-one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cavendish or for providing advice in relation to the Tender Offer or any matter referred to in the Circular or herein. Nothing herein shall serve to exclude or limit any responsibilities which Cavendish may have under FSMA or the regulatory regime established thereunder.

Any decision to participate in the Tender Offer should only be made on the basis of an independent review by an Eligible Shareholder of the Company's publicly available information. Neither Cavendish nor any of its affiliates accept any liability arising from the use of, or make any representation as to the accuracy or completeness of, this announcement or the Company's publicly available information.

## **Notice for US Shareholders**

The Tender Offer relates to securities in a non-US company registered in England and Wales and listed on the London Stock Exchange and is subject to the disclosure requirements, rules and practices applicable to companies listed in the United Kingdom, which differ from those of the United States in certain material respects. The Circular has been prepared in accordance with UK style and practice for the purpose of complying with the laws of England and Wales and the rules of the FCA and of the London Stock Exchange, and US Shareholders should read the entire Circular. The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be made in the United States pursuant to Section 14(e) of, and Regulation 14E under, the US Exchange Act, subject to the exemptions provided by Rule 14d-1 thereunder and otherwise in accordance with the requirements of the rules of the FCA and the London Stock Exchange. Accordingly, the Tender Offer will be subject to disclosure and other procedural requirements that are different from those applicable under US domestic tender offer procedures and law. The Company is not listed on a US securities exchange, is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the SEC thereunder. The Tender Offer is being made in the United States solely to Qualifying US Shareholders.

It may be difficult for US Shareholders to enforce certain rights and claims arising in connection with the Tender Offer under US federal securities laws since the Company is located outside the United States and its officers and directors reside outside the United States. It may not be possible to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. It also may not be possible to compel a non-US company or its affiliates to subject themselves to a US court's judgment.

To the extent permitted by applicable law and in accordance with normal UK practice, the Company, Cavendish or any of their affiliates, may make certain purchases of, or arrangements to purchase, Shares outside the United States during the period in which the Tender Offer remains open for acceptance, including sales and purchases of Ordinary Shares effected by Cavendish acting as market maker in the Shares. The Company may continue to buy back Ordinary Shares under its current

buyback programme.

[1] NAV total return is calculated by the movement in the NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV. The Company's performance reference index (the Russell 1000 Value Index) may be calculated on either a gross or a net total return basis. Net total return ("**NR**") indices calculate the reinvestment of dividends net of withholding taxes using the tax rates applicable to non-resident institutional investors, and hence give a lower total return than indices where calculations are on a gross total return basis. As the Company is subject to the same withholding tax rates for the countries in which it invests, the NR basis is felt to be the most accurate, appropriate, consistent and fair comparison for the Company.

[2] "**OCR**" meaning ongoing charges ratio being annualised ongoing charges divided by average undiluted Net Asset Value in the period.

[3] NAV total return is calculated by the movement in the NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV. The Company's performance reference index (the Russell 1000 Value Index) may be calculated on either a gross or a net total return basis. Net total return ("**NR**") indices calculate the reinvestment of dividends net of withholding taxes using the tax rates applicable to non-resident institutional investors, and hence give a lower total return than indices where calculations are on a gross total return basis. As the Company is subject to the same withholding tax rates for the countries in which it invests, the NR basis is felt to be the most accurate, appropriate, consistent and fair comparison for the Company.