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A copy of this document, which comprises a prospectus relating to JPMorgan Global Convertibles Income Fund Limited (the "Company") in connection with the issue of Shares in the Company, prepared in accordance with the Prospectus Rules of the UK Listing Authority made pursuant to section 73A of the FSMA, has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

The Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the 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 portfolio. It should be remembered that the price of the Shares and the income from them can go down as well as up.

Applications will be made for the Placing Shares to be admitted to the Official List of the UK Listing Authority with a premium listing and to be admitted to trading on the London Stock Exchange's main market for listed securities.

The Company and the Directors, whose names appear on page 34 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge 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.

The Investment Manager, JPMorgan Asset Management (UK) Limited, accepts responsibility for the information contained in this Prospectus attributed to it. To the best of the knowledge of the Investment Manager, who has taken all reasonable care to ensure that such is the case, the information contained in this document attributed to it is in accordance with the facts and contains no omission likely to affect its import.

Capitalised terms contained in this Prospectus shall have the meanings set out in Part IX of this Prospectus, save where the context indicates otherwise.

The attention of potential investors is drawn to the Risk Factors set out on pages 16 to 28 of this Prospectus.

The Placing Programme will remain open until 19 September 2014. Further details of the Placing Programme are set out in Part IV of this Prospectus.

JPMORGAN GLOBAL CONVERTIBLES INCOME FUND LIMITED

*(a non-cellular investment company limited by shares incorporated under the laws of
Guernsey with registered number 56625)*

Placing Programme in respect of up to 150 million Shares

Investment Manager

JPMorgan Asset Management (UK) Limited

Sponsor

Winterflood Securities Limited

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares 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 or the Investment Manager. The offer and sale of Shares have not been and will not be registered under the applicable securities laws of the United States, Australia, Canada, South Africa or Japan. The Shares may not be offered or sold within the United States, Australia, Canada, South Africa or Japan or to any U.S. Person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")) or to any national, resident or citizen of Australia, Canada, South Africa or Japan.

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the 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, any U.S. Person (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States. The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the "U.S. Investment Company Act") and investors will not be entitled to the benefits of the U.S. Investment Company Act.

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Shares are being offered and sold only outside the United States to persons who are not U.S. Persons (as defined in Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

Winterflood Securities Limited ("**Winterflood Securities**"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting through its division, Winterflood Investment Trusts, as Sponsor to the Company and for no one else in connection with the Placing Programme and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Placing Programme, the contents of this Prospectus or any matters referred to herein.

Apart from the responsibilities and liabilities, if any, which may be imposed on Winterflood Securities by FSMA or the regulatory regime established thereunder, Winterflood Securities does not accept any responsibility whatsoever for the contents of this Prospectus or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Investment Manager, the Shares or the Placing Programme. Winterflood Securities accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of such document or any such statement.

In connection with the Placing Programme, Winterflood Securities and any of its affiliates acting as an investor for its or their own account(s), may subscribe for the Placing 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 other related investments in connection with the Placing Programme or otherwise. Accordingly, references in this Prospectus to the Placing Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Winterflood Securities and any of its affiliates acting as an investor for its or their own account(s). Neither Winterflood Securities nor any of its affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This Prospectus is dated 20 September 2013.

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SUMMARY

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

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

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

Section A – Introduction and Warnings

<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
A1	Warning	This summary section should be read as an introduction to this Prospectus. Any decision to acquire Shares should be based on a consideration of this Prospectus as a whole by an investor. Where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under national legislation of the member states of the European Union, have to bear the costs of translating that prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this 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.
A2	Use of prospectus by financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this Prospectus to the use of this Prospectus for subsequent resale or final placement of securities by financial intermediaries.

Section B – Issuer

<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>						
B1	Legal and commercial name	JPMorgan Global Convertibles Income Fund Limited						
B2	Domicile and legal form	The Company is a closed-ended investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 7 May 2013, with registered number 56625. The Company is a non-cellular company and has been declared by the GFSC to be a registered closed-ended collective investment scheme.						
B5	Group description	Not applicable. The Company is not a part of a group and does not have any subsidiaries.						
B6	Major Shareholders	As at 18 September 2013 (being the latest practicable date prior to publication of this Prospectus) insofar as is known to the Company the following parties were known to be interested in 5 per cent. or more of the Company’s issued share capital: <table style="margin-left: auto; margin-right: auto; border: none;"> <thead> <tr> <th style="text-align: left;"><i>Shareholder</i></th> <th style="text-align: right;"><i>%</i></th> </tr> </thead> <tbody> <tr> <td>Brown Shipley & Co Ltd</td> <td style="text-align: right;">6.00</td> </tr> <tr> <td>Brewin Dolphin</td> <td style="text-align: right;">13.87</td> </tr> </tbody> </table>	<i>Shareholder</i>	<i>%</i>	Brown Shipley & Co Ltd	6.00	Brewin Dolphin	13.87
<i>Shareholder</i>	<i>%</i>							
Brown Shipley & Co Ltd	6.00							
Brewin Dolphin	13.87							

		<p>No holder of Shares has voting rights that are different to other holders of Shares.</p> <p>As at the date of this Prospectus, the Directors are not aware of any person who could, directly or indirectly, jointly or severally, own or exercise control over the Company.</p> <p>The Company and the Directors are not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.</p>																				
B7	Key financial information	<p>The key figures that summarise the Company's financial condition for the period from incorporation to 31 July 2013 are set out below.</p> <p style="text-align: right;"><i>As at or for the period ended 31 July 2013 (audited)</i></p> <table> <tr> <td>Net assets (£'000)</td> <td style="text-align: right;">138,491</td> </tr> <tr> <td>Net assets value per Share (pence)</td> <td style="text-align: right;">98.9</td> </tr> <tr> <td colspan="2">Revenue</td> </tr> <tr> <td>Total income (£'000)</td> <td style="text-align: right;">538</td> </tr> <tr> <td>Net profit (£'000)</td> <td style="text-align: right;">261</td> </tr> <tr> <td>Earnings per Share (pence)</td> <td style="text-align: right;">0.19</td> </tr> <tr> <td colspan="2">Total</td> </tr> <tr> <td>Total return (£'000)</td> <td style="text-align: right;">1,133</td> </tr> <tr> <td>Net profit (£'000)</td> <td style="text-align: right;">856</td> </tr> <tr> <td>Earnings per Share (pence)</td> <td style="text-align: right;">0.62</td> </tr> </table> <p>Save as a result of the issue of 136,000,000 Ordinary Shares at launch of the Company on 11 June 2013 and the subsequent issue of a further 14,000,000 Ordinary Shares (as at 18 September 2013, being the latest practicable date prior to publication of this Prospectus), raising in aggregate gross proceeds of £150.3 million, there has been no significant change to the financial condition and operating results of the Company during the period from incorporation to 31 July 2013, being the date of the audited financial information set out above, or subsequent to that date.</p>	Net assets (£'000)	138,491	Net assets value per Share (pence)	98.9	Revenue		Total income (£'000)	538	Net profit (£'000)	261	Earnings per Share (pence)	0.19	Total		Total return (£'000)	1,133	Net profit (£'000)	856	Earnings per Share (pence)	0.62
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Earnings per Share (pence)	0.62																					
B8	Key pro forma financial information	Not applicable. No pro forma information is included in this Prospectus.																				
B9	Profit forecast	Not applicable. No profit estimate or forecast for the Company is made.																				
B10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The audit report on the historical financial information contained within the document is not qualified.																				
B11	Qualified working capital	Not applicable. The Company is of the opinion that the working capital available to it is sufficient for its present requirements, that is for at least the next 12 months from the date of this Prospectus.																				
B34	Investment objective and policy	<p>Investment objective</p> <p>The Company will aim to provide investors with a dividend income, combined with the potential for long term capital growth, from investing in a globally diversified portfolio of convertible securities.</p>																				

		<p>Investment policy</p> <p>The Company will invest in a globally diversified portfolio of convertible securities and other suitable instruments exhibiting convertible or exchangeable characteristics.</p> <p><i>Diversification</i></p> <p>The Portfolio is expected to be broadly diversified across sectors, geography and market capitalisations and, while there are no specific limits placed on exposure to any sector, country or market capitalisation, the Company will at all times invest and manage the Portfolio in a manner consistent with spreading investment risk.</p> <p>The Company will have no restrictions with respect to the credit ratings of any issuer, or any securities, in which it may invest and the issuers of convertible securities may be located in any country, including emerging market countries.</p> <p>The number of holdings in the Portfolio will usually range between 60 and 80 when fully invested.</p> <p><i>Asset allocation</i></p> <p>Investment exposure to convertible securities will normally make up the majority of total assets and may take the form of convertible bonds, convertible notes, convertible preference shares, convertible unsecured loan stock, synthetic convertible securities, equity and equity-linked securities, index and participation notes, equity-linked notes, corporate bonds, pre-IPO bonds, warrants and other instruments exhibiting convertible or exchangeable characteristics.</p> <p>Pending investment or re-investment in convertible securities, the Company may hold cash on deposit or invest on a temporary basis in a range of high quality debt securities and cash equivalent instruments.</p> <p>The Company may hold equity securities arising on the conversion or exchange of convertible securities, exercise of options and similar events but it is not envisaged that such equity securities will be held on a long-term basis.</p> <p>The Company will use the MSCI World index (in Sterling terms) for reference purposes but will not be benchmark-driven in its asset allocation.</p> <p><i>Investment restrictions</i></p> <p>No exposure to any investee company, whether obtained through securities issued by that company or through instruments entered into with third parties which are referable to that company, will exceed 10 per cent. of Gross Asset Value at the time of investment.</p> <p>No exposure to any single counterparty, whether in its capacity as the issuer of convertible securities, as the counterparty to instruments which are referable to other companies, or as a banking counterparty (other than the Custodian holding cash resources on behalf of the Company from time to time) will exceed 15 per cent. of Gross Asset Value at the time of making the relevant investment or deposit.</p>
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		<p>The majority of the Portfolio will be invested in listed convertible securities or those subject to regulatory reporting requirements. Investments in convertible securities that are neither listed nor subject to regulatory reporting requirements will not normally exceed 5 per cent. of Gross Asset Value at the time of investment.</p> <p>The Company may, from time to time, invest in synthetic convertible securities but such exposure shall be limited, in aggregate, to 15 per cent. of Gross Asset Value at the time of investment.</p> <p>The Company may invest in other investment funds, including listed closed-ended investment funds, to gain investment exposure to convertible securities but such exposure will be limited, in aggregate, to 10 per cent. of total assets at the time of investment.</p> <p>The Company will not invest in closed-ended investment funds which may invest more than 15 per cent. of their total assets in other listed closed-ended investment funds.</p> <p><i>Gearing</i></p> <p>The Company may employ gearing up to a maximum of 20 per cent. of Net Asset Value at the time of borrowing. Gearing is expected to be used tactically to make investments consistent with the Company's investment objective and policy and for working capital purposes.</p> <p><i>Derivatives</i></p> <p>The Company may use derivatives (both long and short) for purposes of efficient portfolio management. Short positions will be used to hedge the equity exposure of the Portfolio. The Company will not enter into uncovered short positions.</p> <p><i>Currency hedging</i></p> <p>The Company will operate in Sterling. The majority of the Company's assets from time to time are expected to be denominated in currencies other than Sterling. Accordingly, the Company would normally intend to hedge the value of any non-Sterling assets and the income derived from them into Sterling using suitable hedging contracts.</p>
B35	Borrowing limits	<p>The Company may employ gearing up to a maximum of 20 per cent. of Net Asset Value at the time of borrowing. Gearing is expected to be used tactically to make investments consistent with the Company's investment objective and policy and for working capital purposes.</p>
B36	Regulatory status	<p>The Company is subject to, and is required to comply with, certain regulatory requirements that are applicable to non-cellular investment companies which are domiciled in Guernsey and which have been declared by the GFSC to be registered closed-ended collective investment schemes. These include compliance with any decision of the GFSC. In addition, the Company is subject to the continuing obligations imposed by the UKLA and the London Stock Exchange on all investment companies whose shares are admitted to the Official List and to trading on the Main Market.</p>
B37	Typical investors	<p>Investment in the Company is only suitable for institutional, professional and high net worth investors, private client fund managers and brokers and other investors who understand the risks involved in investing in the Company and/or who have received</p>

		<p>advice from their fund manager, broker or tax adviser regarding an investment in the Company. Furthermore, an investment in the Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. An investment in the Shares should constitute part of a diversified investment portfolio and Shareholders may need to hold the Shares on a long term basis since the Shares are not suitable for short term investment. Accordingly, typical investors in the Company are expected to be institutional, professional and high net worth investors, private client fund managers and brokers and other investors who understand the risks involved in investing in the Company and/or who have received advice from their fund manager, broker or tax adviser regarding investment in the Company.</p>
B38	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable. No investment in any single underlying asset or investment company will represent more than 20 per cent. of the Gross Asset Value of the Company at the time of the investment.
B39	Investment of 40 per cent. or more in another collective investment undertaking	Not applicable. No investment in another collective investment undertaking will represent more than 40 per cent. of the Gross Asset Value of the Company at the time of the investment.
B40	Applicant's service providers	<p><i>Investment Manager</i></p> <p>JPMorgan Asset Management (UK) Limited is the Investment Manager of the Company. The Investment Manager has been given overall responsibility for the discretionary management of the Company's assets (including uninvested cash) in accordance with the Company's investment objective and policy.</p> <p>Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive from the Company a management fee, calculated and payable monthly in arrear at a rate of 0.75 per cent. of NAV (before deduction of the management fee) per annum. The company secretarial costs of the Company are included in this management fee. No performance fees are payable to the Investment Manager.</p> <p><i>Administrator</i></p> <p>JPM Administration Services (CI) Limited is Administrator of the Company. The Administrator is responsible for the day to day administration of the Company (including but not limited to the calculation and publication of the daily Net Asset Value). For the purposes of the RCIS Rules 2008, the Administrator is the designated manager of the Company.</p>

		<p>Under the terms of the Administration Agreement, the Administrator is entitled to various fees, which are currently approximately £55,000 in aggregate per annum.</p> <p>Investors should note that it is not possible for the Administrator to provide any investment advice to investors.</p> <p><i>Custodian</i></p> <p>JPMorgan Chase Bank, NA, Worldwide Securities Services, is the Custodian of the Company and in this capacity acts as principal custodian of the Company's investments, cash and other assets and accepts responsibility for the safe custody of the property of the Company which is delivered to and accepted by it or any of its sub-custodians as and when such custody services may be required. The Custodian has agreed to hold the investments of the Company on a segregated basis from its own assets and, accordingly, the Company's assets should not be available to the creditors of the Custodian in the event of its insolvency.</p> <p>Pursuant to the AIFM Directive and the current drafts of associated third country provisions, it is likely that the Company will enter into a depositary agreement in accordance with the AIFM Directive, prior to the end of any transitional arrangements under the AIFM Directive on 22 July 2014.</p> <p>The fees payable to the Custodian pursuant to the Custody Agreement are expected to be no more than £40,000 per annum.</p> <p><i>Registrar</i></p> <p>Capita Registrars (Guernsey) Limited is Registrar of the Company. Under the Registrar Agreement, the Registrar is entitled to receive a minimum agreed fee of £7,999 per annum in respect of basic registration.</p>
B41	Regulatory status of investment manager and custodian	<p>The Investment Manager is regulated by the Financial Conduct Authority.</p> <p>JPMorgan Chase Bank, NA provides custodian services to the Company. The Custodian is a company organised under the laws of the State of New York with limited liability. Its main office is in Ohio, USA and it was registered as a branch in England and Wales with registration number BR000746 on 11 April 1960. The Custodian is authorised by the Prudential Regulation Authority, and is subject to regulation by the Financial Conduct Authority and to limited regulation by the Prudential Regulation Authority. The firm reference number is 124491.</p>
B42	Calculation of Net Asset Value	<p>The Company publishes its Net Asset Value per Share by a RIS announcement and on the website of the Company, both inclusive and exclusive of undistributed current year revenue, on a daily basis. The Company also intends to publish a monthly factsheet on its website. The Directors may, but are not obliged to, temporarily suspend the calculation of the NAV and NAV per Share in certain circumstances.</p> <p>The Company's Net Asset Value, which is calculated in Sterling, is calculated as follows:</p>

		<p>Securities (other than options) that are listed on an active exchange and that are freely transferable are valued at their official listed closing bid price on the principal exchange on which such securities are listed. Options that are listed on an active exchange will be valued at the closing “bid” price on the principal exchange on which such options are traded. If, however, the trading of any such securities or options is suspended at the date of determination, then the securities or options will be initially valued at either the last available price specified on the principal exchange on which such securities are listed prior to suspension or by reference to valuation techniques using inputs that may not be based on observable market data, deemed as fair value.</p> <p>Subsequently, securities or options will be valued using techniques deemed consistent with fair value basis. Such techniques may include recent arm’s length market transactions, the current fair value of another instrument that is substantially the same or discounted cash flow analysis or net asset value. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique may be used.</p> <p>Securities traded over the counter that are freely transferable are valued using an independent reporting system or, if not quoted on such a system, by at least one of the principal market makers in such securities.</p> <p>Forward, spot and swap contracts, other off-exchange instruments or derivative instruments not referred to above and for which there is no observable market data, are valued by the Directors via a delegated authority to the Investment Manager on a consistently applied mark to model basis, respecting fair market value principles.</p> <p>With respect to securities and instruments other than those specified above, the Directors will write up or write down the valuation of such securities if the Directors determine, in accordance with their established valuation procedures, that the realisable value of such securities differs from their current valuation. The Directors will seek the advice of the Investment Manager in such circumstances. Such procedures include the use of independent pricing sources if available. If independent pricing sources are not available, the fair value of such securities or assets will be estimated by the Directors under advice from the Investment Manager, with such valuation referencing a variety of factors, including proprietary or industry-available valuation models, the issuer’s financial strength and stability, the issuer’s operating performance, strength of the issuer’s management team, the Company’s expected exit from the investment and any specific rights or restrictions associated with such investment. Such valuation procedures, as well as the value assigned to specific securities and other assets, will be reviewed from time to time by the Directors.</p> <p>In the Directors’ discretion, independent appraisals of securities may be obtained and the Directors may, at their discretion, delegate any or all valuation responsibilities to any person, including the Investment Manager.</p>
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B43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking.
B44	No financial statements have been made up	Not applicable. The Company has commenced operations and historical financial information is included within the document.
B45	Portfolio	As at 18 September 2013, being the latest practicable date prior to the publication of this Prospectus, the Company's portfolio consisted of 80 investments, with a total value of £140,669,000.
B46	Net Asset Value	As at 18 September 2013 (being the latest practicable date prior to publication of this Prospectus) the unaudited Net Asset Value of the Company was £151,763,000 and the unaudited Net Asset Value per share was 101.18 pence.

Section C – Securities

<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
C1	Type and class of securities	The Company intends to issue up to 150 million Shares pursuant to the Placing Programme. The ISIN for the Placing Shares is G00B96SW597.
C2	Currency	Sterling
C3	Number of securities in issue	As at 18 September 2013, being the latest practicable date prior to publication of this Prospectus, the Company has 150,000,000 Shares of no par value in issue.
C4	Description of the rights attaching to the securities	<p><i>Dividends and other distributions</i></p> <p>Subject to the rights of any Shares which may be issued with special rights or privileges, the Shares carry the right to receive all income of the Company attributable to the Shares, and to participate in any distribution of such income made by the Company, and such income shall be divided <i>pari passu</i> among the Shareholders in proportion to the number of Shares held by them.</p> <p>The Directors may from time to time authorise dividends and distributions to be paid to Shareholders in accordance with the procedure set out in the Companies Law and subject to any Shareholders' rights attaching to their Shares. The Directors may from time to time authorise dividends and distributions to be paid to holders of C Shares out of the assets attributable to such C Shares in accordance with the procedure set out in the Companies Law and subject to any rights attaching to such C Shares.</p> <p>All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend unclaimed on the earlier of (i) a period of seven years after the date when it first became due for payment and (ii) the date on which the Company is wound-up, shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.</p>

		<p><i>Voting</i></p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares, holders of Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Share held by him. In the case of a general meeting of all Shareholders, each Shareholder shall have one vote in respect of each Share held by him.</p> <p>Save in certain limited circumstances, C Shares will not carry the right to attend and receive notice of any general meetings of the Company, nor will they carry the right to vote at such meetings.</p> <p><i>Capital</i></p> <p>As to a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Shares remaining after payment of all creditors shall, subject to the rights of any Shares that may be issued with special rights or privileges, including for these purposes C Shares, be divided <i>pari passu</i> among the Shareholders in proportion to the number of Shares held by them.</p> <p><i>Pre-emption rights</i></p> <p>There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of the Shares. However, the Articles provide that the Company is not permitted to allot (for cash) equity securities (being Shares or C Shares or rights to subscribe for, or convert securities into, Shares or C Shares) or sell (for cash) any Shares or C Shares held in treasury, unless it shall first have offered to allot to each existing Shareholder and holder of C Shares, as the case may be, on the same or more favourable terms a proportion of those Shares or C Shares the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the total Net Asset Value of the Company represented by the Shares or C Shares held by such shareholder. These pre-emption rights may be excluded and disapplied or modified by extraordinary resolution of the Shareholders.</p> <p><i>Variation of rights</i></p> <p>Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated:</p> <ul style="list-style-type: none"> • with the consent in writing of the holders of more than seventy five per cent. in number of the issued shares of that class; or • with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.
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		<p>The necessary quorum at any separate class meeting shall be two persons present holding or representing by proxy at least one-third in number of the issued shares of that class (provided that if any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be one person present holding shares of that class or his proxy) provided always that where the class has only one member, that member shall constitute the necessary quorum and any holder of shares of the class in question may demand a poll.</p> <p>The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by (a) the creation or issue of further shares ranking <i>pari passu</i> therewith or (b) the purchase or redemption by the Company of any of its shares (or the holding of such shares as treasury shares).</p>
C5	Restrictions on the free transferability of the securities	<p>Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.</p> <p>The Company has elected to impose the restrictions described below so that the Placing Programme will be regarded as an “offshore transaction” and so that the Company will accordingly not be required to register the offer and sale of the Shares under the U.S. Securities Act, so that the Company will not have an obligation to register as an investment company under the U.S. Investment Company Act and related rules and in order to address certain ERISA, U.S. Tax Code and other considerations. These 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 Shares to trade such securities. Due to the restrictions described below, potential investors in the United States and U.S. Persons are advised to consult legal counsel prior to making or participating in any offer, resale, exercise, pledge or other transfer of the Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the Shares made other than in compliance with the restrictions described below.</p> <p>The Shares are being offered and sold by the Company only outside the United States in “offshore transactions” to persons who are not U.S. Persons in accordance with and in reliance on the exemption from registration provided by Regulation S under the U.S. Securities Act.</p> <p>Moreover, the Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act. The Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S: (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof.</p>

		<p>The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the 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, any U.S. Person (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States, and this document should not be distributed or forwarded into the United States or to U.S. Persons.</p>
C6	Admission	<p>Applications will be made to the UK Listing Authority and the London Stock Exchange, respectively, for all of the Placing Shares to be admitted to the Official List with a premium listing and to trading on the Main Market. All Placing Shares will be allotted conditionally on such Admission occurring.</p>
C7	Dividend policy	<p>The first accounting period of the Company will run from the date of the Company's incorporation on 7 May 2013 to 30 June 2014 and, thereafter, accounting periods will end on 30 June in each year. It is intended that the initial target gross dividend of 4.5 per cent. in respect of the Company's first accounting period will be paid to Shareholders by way of two half-yearly distributions to Shareholders in respect of the periods ending 31 December 2013 and 30 June 2014, with the Company's first dividend expected to be declared in February 2014 in respect of the period ending 31 December 2013. In each subsequent financial year, the Company will seek to make quarterly distributions in respect of the quarters ending 30 September, 31 December, 31 March and 30 June. The payment of all dividends is subject to satisfaction of the solvency test prescribed by the Companies Law.</p> <p>The Company will seek to maintain its annual dividends. To the extent that the Company's net income (calculated as received revenue less the operating costs of the Company charged to the revenue column of the Company's income statement) in any financial year exceeds the amount paid as dividend, this excess may be retained for use in smoothing future dividend payments. Any amount so retained would increase the Net Asset Value of the Company. Conversely, to the extent that that the payment of the initial target gross dividend of 4.5 per cent. would represent an amount greater than the Company's net income (again calculated as received revenue less the operating costs of the Company), such dividend payment would decrease the Net Asset Value of the Company.</p> <p>Income from the Portfolio comprises predominantly coupon and interest payments received from investments in the Portfolio but may also include the income, if any, arising from cash held by the Company pending investment or distribution.</p>

Section D – Risks

<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
D1	Key information on the key risks specific to the issuer or its industry	<ul style="list-style-type: none"> • The Company has a limited operating history. • The Company’s target yield to best (being the higher of yield to maturity or yield to put) on the Portfolio and target dividend yield are based on estimates and assumptions. • Global capital markets have been experiencing volatility, disruption and instability. • The Company invests in corporate fixed interest securities, some of which may be unrated or of sub-investment grade quality. As a result the Company is exposed to risk of default.
D3	Key information on the key risks specific to the securities	<ul style="list-style-type: none"> • The existence of a liquid market in the Shares cannot be guaranteed. • The Shares may trade at a discount to NAV per Share and Shareholders may be unable to realise their investments through the secondary market at NAV per Share. • Shareholders may be exposed to currency risk. • The issue of Placing Shares may result in dilution to the voting rights of existing Shareholders.

Section E – Offer

<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
E1	Net proceeds and costs of the issue	<p>The total net proceeds will depend on the number of Placing Shares issued, the relevant Placing Price and the expenses of the Placing Programme.</p> <p>The Company’s fixed expenses in connection with the Placing Programme are estimated to amount to £133,870. In addition, the Company will pay to Winterflood Securities a commission of 1.00 per cent. of the gross proceeds of each Placing. Assuming that the Placing Programme is fully subscribed and a Placing Price of 106 pence per Placing Share (being the mid-market price as at the latest practicable date prior to the publication of this Prospectus), the gross proceeds would be £159,000,000, the costs of the Placing Programme (comprising both fixed expenses, and variable expenses including the commission payable to Winterflood Securities) would be £1,813,870 and the net proceeds of the Placing Programme would be £157,186,130.</p>
E2a	Reasons for the offer and use of proceeds	Not applicable. Whilst there is no offer, the net proceeds of each Placing under the Placing Programme will be invested by the Investment Manager on behalf of the Company in accordance with the Company’s investment objective and policy.
E3	Terms and conditions of the offer	Not applicable. There is no offer.
E4	Material interests	Not applicable. No interest is material to the Placing Programme.
E5	Name of person selling securities	Not applicable. No person or entity is selling securities as part of the Placing Programme.

E6	Dilution	Not applicable. Whilst there is no offer, in the event that the Placing Programme is fully subscribed, an existing Shareholder holding Shares representing 1.00 per cent. of the Company's issued share capital would, following the completion of the Placing Programme, hold Shares representing approximately 0.5 per cent. of the Company's issued Share capital.
E7	Expenses charged to the investor	The fixed costs of the Placing Programme will be borne by the Company. The commission payable to Winterflood Securities will be borne indirectly by the subscribers under the Placing Programme since it will be paid by the Company to Winterflood Securities out of the Placing Price.

RISK FACTORS

An investment in the Shares carries a number of risks, including the risk that the entire investment may be lost. In addition to all other information set out in this Prospectus, the following factors should be considered when deciding whether to make an investment in the Shares. The risks set out below are those which are considered to be the material risks relating to an investment in the Shares but are not the only risks relating to the Shares or the Company. Additional risks and uncertainties of which the Company is presently unaware or that the Company currently believes are immaterial may also adversely affect its business, financial condition, results of operations and the NAV and/or market price of the Shares.

The Shares are only suitable for investors who understand the risk of capital loss and that there may be limited liquidity in the underlying investments of the Company and in the Shares, for whom an investment in the Shares would be of a long-term nature and constitute part of a diversified investment portfolio and who understand and are willing to assume the risks involved in investing in the Shares. No assurance can be given that Shareholders will realise a profit on, or recover the value of, their investment in the Shares. It should be remembered that the price of Shares and the income from them can go down as well as up.

Potential investors in the Shares should review this Prospectus carefully and in its entirety and consult with their professional advisers prior to making an application to subscribe for Shares.

Risks relating to the Company

The Company has a limited operating history

The Company is a recently established investment company and has a limited operating history. Accordingly, there are limited historical financial statements or other meaningful operating or financial data with which to evaluate the Company and its performance.

In addition, the existing performance data of the Company contained in this Prospectus may not reflect the performance data at the time of each Placing. There can be no assurance that the Company will be able to maintain its historic investment performance. Past performance of the Company should not be taken to be a guide to its future performance.

The Company's returns are dependent on many factors. Such factors include, but are not limited to, the price and performance of its investments, the availability and liquidity of investment opportunities falling within the Company's investment objective and policy, the level and volatility of interest rates, and the Company's ability to successfully operate its business and execute its investment strategy. There can be no assurance that the Company's investment strategy will be successful.

The Company's target yield to best¹ on the Portfolio and target dividend yield

The Company's target yield to best on the Portfolio and target dividend yield set out in this Prospectus are targets only and are based on estimates and assumptions which depend on a variety of factors including, without limitation, availability of investment opportunities, the price and performance of the Company's investments, asset mix, value, volatility, holding periods, performance of the underlying issuers, issuer default, investment liquidity, changes in current market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this Prospectus, which are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve the target yields. Such targets have been set based on market conditions and the economic environment at the time of publication of the Prospectus and the assumption that the Company will be able to implement its investment policy and strategy successfully, and are therefore subject to change. There is no guarantee or assurance that the target yields can be achieved at or near the level set out in this Prospectus. Accordingly, the actual rates of return achieved may be materially lower than the targets, or may result in a loss.

¹ "Yield to best" being the higher of yield to maturity or yield to put.

The Company does not intend to update or otherwise revise its target yields to reflect subsequent events or circumstances. A failure to achieve the target yields set out in this Prospectus may adversely affect the Company's business, financial condition, results of operations and the NAV and/or the market price of the Shares.

Global capital markets

Global capital markets have been experiencing extreme volatility and disruption for a number of years, as evidenced by a lack of liquidity in the equity and debt capital markets, significant write-offs in the financial services sector, the repricing of credit risk in the credit market and the failure of major financial institutions. Despite actions of government authorities, these events have contributed to worsening general economic conditions that have materially and adversely affected the broader financial and credit markets and reduced the availability of debt and equity capital.

The default of any financial institution could lead to defaults by other institutions. Concerns about, or default by, one financial institution could lead to significant liquidity problems, losses or defaults by other institutions, because the credit quality and integrity of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. This risk is sometimes referred to as "systemic risk" and may adversely affect brokers, lending banks and other trading counterparties with whom the Company deals. The Company may, therefore, be exposed to systemic risk when it deals with various third parties, such as brokers, lending banks and other trading counterparties whose creditworthiness may be interlinked.

Risks relating to the Shares

The existence of a liquid market in the Shares cannot be guaranteed

There can be no guarantee that an active secondary market in the Shares will exist or be sustained or that the Shares will trade at prices close to their underlying Net Asset Value per Share and Shareholders may be unable to realise their Shares at the quoted market price (or at the prevailing Net Asset Value per Share) or at all.

The Company has been established as a closed-ended vehicle. Accordingly, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect buy-backs of Shares in the manner described in this Prospectus, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors to do so. Shareholders wishing to realise their investment in the Company will normally therefore be required to dispose of their Shares through the secondary market. Accordingly, Shareholders' ability to realise their investment at NAV per Share or at all is dependent on the existence of a liquid market for the Shares.

The Shares may trade at a discount to NAV per Share and Shareholders may be unable to realise their investments through the secondary market at NAV per Share

The Shares may trade at a discount to their Net Asset Value for a variety of reasons, including market or economic conditions, an imbalance between supply and demand for the Shares and general investor sentiment. While the Directors may seek to mitigate any discount to NAV per Share through discretionary Share buy-backs where appropriate, there can be no guarantee that they will do so or that Share buy-backs will be successful.

Shareholders may be exposed to currency risk

Investments may be subject to foreign currency fluctuations between Sterling and any local market currency in which investments are made by the Company, which may have an adverse effect on the performance of the Company. The Company will normally intend to hedge the value of any non-Sterling assets and the income derived from them into Sterling using suitable hedging contracts.

Hedging arrangements will be implemented on behalf of the Company only when suitable hedging contracts are available in a timely manner and on terms acceptable to the Investment Manager. To the extent that the Investment Manager does not seek to hedge currency exposure or is unable to engage, or is unsuccessful, in hedging currency exposure, Shareholders will be subject to currency exchange fluctuations between Sterling and the local market currencies in which investments are denominated.

The use of derivatives and other instruments to reduce risk involves costs. Consequently, the use of hedging transactions might result in lower performance than if the Investment Manager had not sought to hedge exposure against foreign currency exchange risk.

The issue of Placing Shares may result in dilution to the voting rights of existing Shareholders

As each Placing Share carries the right to one vote at general meetings of the Company, the proportion of voting rights of existing Shareholders will be diluted in the event of the issue of Placing Shares under the Placing Programme.

Risks relating to the investment policy and strategy and the investment portfolio

The Company's investments are subject to strategy risk. The Company is therefore at risk that market factors may result in the failure of one or more strategies followed

The Company will be exposed to strategy risk both in terms of the convertible securities and other securities in which it invests, and through equity securities underlying the convertible securities held by the Company.

Strategy risk is associated with the failure or deterioration of an entire strategy such that most or all investment managers employing that strategy suffer losses. Strategy-specific losses may result from excessive concentration by the Company in the same country or general economic or other events that adversely affect particular strategies (for example, the disruption of historical pricing relationships). The strategies employed by the Company may involve risk of loss in the event of such failure or deterioration.

The value of convertible securities is principally determined by the value of the yield from the fixed income component and/or the value of the conversion right depending upon the conversion price and the value of the relevant equity security for which the convertible security can be exchanged

Under normal circumstances, the majority of the Company's Portfolio will comprise convertible securities. Convertible securities generally offer lower yields than non-convertible but otherwise equivalent securities of a similar quality. The market values of the fixed income component of convertible securities often decline as interest rates increase and, conversely, increase as interest rates decline. The effect on market prices of convertible securities of rising interest rates will be greater for long-term securities than for short-term securities. The risk of losses as a result of rising interest rates may be magnified by the current record-low level of short term and long term interest rates when interest rates begin to rise.

The current level of uncertainty in the global macro-economic environment means that equity prices are volatile and the direction of equity markets is uncertain. In the event that equity prices fall significantly, whether as a result of macro-economic crisis or otherwise, this could cause material losses in the value of the Company's Portfolio.

Risk of fluctuation in the share price of the issuer of convertible securities

The market prices of the convertible securities in which the Company invests are expected to be affected by fluctuations in the market prices of the underlying shares and it is not possible to predict whether the price of these underlying shares will rise or fall.

Trading prices of underlying shares will be influenced by, among other things, the financial position of the underlying company, the results of operations and political, economic, financial and other factors. Any decline in the market price of the underlying shares may have an adverse effect on the market price of the related convertible securities in which the Company invests. Future issues of shares in, or disposals of shares by substantial shareholders of, the underlying company may also significantly affect the trading prices of the convertible securities or the underlying shares. Even the expectation that such issues or disposals may occur may significantly affect the trading prices of the convertible securities and the issuer's shares.

The Company may invest in convertible securities and, in certain circumstances, debt securities or equities which rank behind other outstanding securities and obligations of an issuer

The Company may invest in convertible securities and, in certain circumstances, debt securities or equities which rank behind other securities and obligations of an issuer, all or a significant proportion of which may be secured on that issuer's assets. The Company may, therefore, be subject to credit risk in relation to such investments.

In the event of the liquidation or financial distress of an issuer, holders of convertible securities would typically be paid after the holders of non-convertible debt securities. To the extent that the Company holds equity securities arising from the conversion or exchange of convertible securities, exercise of options and similar events, it may be paid in respect of such equity securities after holders of convertible securities and non-convertible debt securities have been paid.

Consequently, there is no guarantee that the Company would receive any value for its holdings of an issuer's convertible securities or any other securities it may hold if the issuer were to go into liquidation.

The Company could also suffer significant, or total, loss of the value of some securities in the event that the issuer enters some other type of restructuring event, such as Chapter 11 in the United States or certain types of consensual default.

The convertible securities in which the Company invests may provide only limited anti-dilution protections, if any

The terms of the convertible securities in which the Company invests may provide that the conversion price of those convertible securities will be adjusted in certain circumstances (for example, if there is a consolidation, reclassification or subdivision in relation to the equitable securities of the issuer, a capitalisation of profits or reserves, or a rights issue or grant of other subscription rights or other adjustment which affects the issuer). However, even where the terms of convertible securities include such provision, there may be no requirement that there be an adjustment for every (or any) event that may affect the value of the underlying equity. Events in respect of which no adjustment is made may adversely affect the value of the underlying shares or the credit-worthiness of the issuer and, therefore, adversely affect the value of the Company's investments.

The timing of exercise of conversion rights or the ability to exercise conversion rights

There may be a limited period for, and costs associated with, the exercise of the conversion rights of the convertible securities. Failure or inability of the Company to exercise the right to convert during any such prescribed period could adversely affect the value of that investment.

In addition, there may be a delay between the time at which a right to convert is exercised and the time at which the corresponding equity securities are delivered. The value of those equity securities may consequently vary substantially between the date on which right to convert is exercised and the date on which they are delivered.

While the Company usually intends to sell convertibles before they reach their maturity date, certain convertible securities in which the Company may invest may have mandatory conversion rights or forced conversion features at the discretion of the issuer, which may mean that the Company has no control over the conversion of such securities. If the issuer has the right, it may choose to redeem the outstanding bonds at times when prevailing interest rates may be relatively low. In such circumstances, if the Company is not able to reinvest the redemption proceeds, this may adversely affect the performance of the Company.

The issuers in which the Company invests may deteriorate to the extent that they are not able to make principal and/or coupon payments when due or at all, or may default

The issuers of convertible securities in which the Company invests may be unable to meet their liabilities, including coupon payments, when due or at all. Issuers could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, a worsening economic downturn or legal or tax or regulatory changes.

Issuers may be highly geared and there may be no restriction on the amount of debt an issuer can incur. Substantial indebtedness may increase risk with respect to an issuer and geared companies are often more sensitive to declines in revenues, increases in expenses, and adverse business, political, or financial developments or economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such companies or their industries. A geared company's income and net assets will tend to increase or decrease at a greater rate than if gearing were not used.

If an issuer is unable to generate sufficient cash flow to meet its liabilities, including coupon payments, it may be forced to take other actions to satisfy its obligations. These alternative measures may include reducing or delaying capital expenditures, selling assets, seeking additional capital, or restructuring or refinancing indebtedness (which indebtedness may include convertibles held by the Company). Any of these actions could significantly reduce the value of the Company's investment in such issuer. If such strategies are not successful and do not permit the issuer to meet its liabilities, the issuer may also be forced into liquidation, dissolution or insolvency, and the value of the Company's investment in such issuer could be eliminated.

In the event of any default on the Company's investment in an issuer, the Company will bear a risk of loss of principal and any outstanding coupon or interest payments owed to the Company, which could have a material adverse effect on the Company's investment.

The Company has significant exposure to corporate debt securities and is likely to invest in non-investment grade or unrated convertible securities and, in some circumstances, debt securities

The Company invests in securities issued by various corporations and will, therefore, bear credit risk whether investing in investment grade, non-investment grade or unrated securities. The Company is, as a result, exposed to the risk of partial or full default on principal or interest payments by such issuers with the consequent risk of material capital loss by the Company.

The Company is likely to invest in convertible securities and, in some circumstances, debt securities that are rated in non-investment grade categories or in other securities that are not rated but with comparable characteristics. A non-investment grade rating reflects, in the opinion of the ratings agencies, the riskier credit profile of a company compared to an investment grade issuer. Securities rated in these lower rating categories are generally considered to be speculative with respect to their issuers' capacity to make coupon or interest payments and to repay the principal amount of such securities, and are therefore subject to greater risks of loss of principal amount and non-payment of coupon or interest payments than securities rated in higher rating categories. They are also more susceptible to the effects of a deterioration of general economic conditions than securities in higher rating categories. Adverse publicity and negative investor perception about these lower rated securities, whether or not based on an analysis of the fundamentals with respect to the relevant issuers, may contribute to a decrease in the value and liquidity of such securities. In addition, because investors generally perceive these lower rated securities as being associated with greater risk, the yields and prices of such securities may fluctuate more than those of higher rated securities. The market for lower rated or unrated securities may be less liquid than that for higher rated securities, which can adversely affect the prices at which these lower rated securities can be sold.

The value of synthetic convertible securities will respond to market fluctuations differently to conventional convertible securities

The Company may invest in synthetic convertible securities as well as conventional convertible securities. The value of a synthetic convertible security will respond differently to market fluctuations than a conventional convertible security because a synthetic convertible is composed of two or more separate securities, options or derivatives, each with its own market value. If the value of an underlying equity security or the level of the index involved in the convertible component falls below the exercise price of the warrant or option, the warrant or option may lose all value.

The equity options or derivatives in a synthetic convertible security usually have limited or no investor protections, such as the anti-dilution rights, dividend pass-through and takeover protection rights which are typically embedded in conventional convertible securities. The value of such equity options or derivatives will therefore be adversely affected by certain events against which similar conventional convertible securities may be protected.

Some equity options and other derivatives are issued by banks and similar counterparties. As a result, they can contain counterparty risk and associated systemic risk, as described in the risk factor “*Global Capital Markets*” above, which could cause material losses to the Company’s Portfolio.

The Company may use various derivative instruments, including options, futures and swaps, as part of its investment strategy for efficient portfolio management, which may involve additional risks

The Company may use various derivative instruments, including options, futures, forward contracts and swaps, as part of its investment strategy for purposes of efficient portfolio management. Further, the Company may use synthetic convertible securities that may include such derivative instruments. Some of these derivative instruments may be volatile and speculative in nature, and may be subject to wide and sudden fluctuations in market value. Derivatives, especially over-the-counter derivatives in the form of a privately negotiated contract against a principal counterparty, may also be subject to adverse valuations reflecting the counterparty’s marks (or valuations), which might not correspond to the valuations of other market or exchange traded instruments. In addition, derivative instruments also may not be liquid in all circumstances, so that in volatile markets the Company may not be able to exit its position without incurring a loss. Investing in derivative instruments can result in large amounts of gearing, which may magnify the gains and losses experienced by the Company and could cause the Company’s NAV to be subject to wider fluctuations than would otherwise be the case.

Any use of call and put options and futures by the Company will entail additional risks. Although an option buyer’s risk is limited to the amount of the original investment for the purchase of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. Futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. Because of the low margin deposits normally required for investments in futures, a high degree of gearing is typical of a futures investment account, so that a relatively small price movement in a futures contract may result in substantial losses to the investor. Futures positions are marked to market each day and variation margin payments must be paid to or by the Company. Futures investments may also be illiquid and certain exchanges do not permit investing in particular contracts at prices that represent a fluctuation in price during a single day’s trading beyond certain set limits. Should prices fluctuate during a single day’s trading beyond those limits (which might last for several days with respect to certain contracts), the Company could be prevented from promptly liquidating unfavourable positions and thus be subjected to substantial losses.

In addition, the Company would be exposed to the credit risk of the counterparty bank or other market maker writing any derivative instrument. Further details on the credit risk of counterparties are set out below.

There is a risk of counterparty default in relation to exposure to derivative or synthetic instruments

To the extent that the Company obtains exposure to derivative or synthetic instruments, its interest (if any) in the securities underlying the derivative may be supplemented or replaced by exposure to the counterparty of the derivative or synthetic instruments. These instruments may not offer any capital guarantee. In the event of the insolvency of an issuer or other event of default, the Company may only rank as an unsecured creditor in respect of sums due from the counterparty. In such event, the Company may receive an amount of money in respect of the amount due under the derivative or synthetic instrument in question at a time later than would otherwise have been the case, the amount received may be zero and returns to Shareholders may be significantly adversely affected.

Short positions

The Company may take short positions by way of financial derivatives instruments. Short positions through financial derivatives instruments involve trading on margin and accordingly can involve greater risk than investments based on a long position. Due to regulatory or legislative action taken by regulators around the world as a result of recent volatility in the global financial markets, taking short positions on certain securities has been restricted. The levels of restriction vary across different jurisdictions and are subject to change in the short to medium term. These restrictions have made it difficult, and in some cases impossible, for numerous market participants either to continue to implement their investment strategies or to control the risk of their open positions. Accordingly, the Investment Manager may not be

in a position to fully express its negative views in relation to certain securities, companies or sectors and the ability of the Investment Manager to fulfil the investment objective may be constrained. This position will be monitored regularly by the Investment Manager.

The Company may invest in securities for which no liquid market exists due to legal or other restrictions on transfer, or lack of demand

Liquidity risk, which includes the risk of the Company's failure to fund trading activities at settlement dates, or liquidate or trade securities positions in a timely manner at a reasonable price, may arise in the Company's trading activities. Although the Portfolio will comprise principally publicly traded or quoted securities, the Company may invest in securities, including swaps and other derivatives, which are subject to legal or other restrictions on transfer, which are thinly-traded or for which no liquid market exists or which otherwise become illiquid or difficult to trade. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Company may not be able to trade them when it desires to do so or to realise what it perceives to be their fair value. Trading restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts, considerably worse pricing and other expenses than does trading eligible securities on national securities exchanges or in the over-the-counter markets or that are otherwise more liquid. The Company may not readily be able to exit such illiquid positions and, in some cases, may be contractually prohibited from exiting such positions for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Investments may not be regulated by the rules of any investment exchange

Investments made by the Company may not be regulated by the rules of any investment exchange or other regulatory body or authority. The counterparties to such investments may have no obligation to make markets in such investments and may have the ability to apply essentially discretionary margin and credit requirements. In the event of a default by a counterparty, the Company will not be able to seek recourse against such party under the rules of a regulated exchange, which may adversely affect the Company's business, financial condition, results of operations and the NAV and/or the market price of the Shares.

The value of the Company's investments may be subject to jurisdiction-specific insolvency regimes

The value of the investments held by the Company may be affected by various laws enacted for the protection of creditors in the jurisdictions of incorporation of the issuers thereunder and, if different, the jurisdictions from which the issuers conduct their business and in which they hold their assets, which may adversely affect such issuers' abilities to make payment on a full or timely basis.

In particular, it should be noted that a number of jurisdictions, including certain emerging market jurisdictions, operate "debtor-friendly" insolvency regimes which could result in delays in payments where obligations, debtors or assets thereunder are subject to such regimes. The different insolvency regimes applicable in different jurisdictions result in a corresponding variability of recovery rates for convertible securities issued in such jurisdictions.

Jurisdiction-specific insolvency regimes may negatively affect an issuer's ability to make payments to the Company, or the Company's recovery in a restructuring or insolvency, which may adversely affect the Company's business, financial condition, results of operations and the NAV and/or the market price of the Shares.

Risks relating to investments in emerging markets

The Company's investments in emerging markets may be subject to greater risks than investments in developed countries

The Company may invest in convertible securities whose issuers are domiciled in emerging markets. Such investments in emerging markets are subject to greater risks than investments in developed countries. Among other things, emerging market investments may carry the risk of reduced public availability of information, more volatile markets, less strict securities market regulation, less favourable tax provisions, and a greater likelihood of severe inflation, unstable currency, corruption, war, nationalisation and

expropriation of personal property than investments in securities of issuers based in developed countries. In addition, investment opportunities in certain emerging markets may be restricted by legal limits on foreign investment in local securities.

Emerging markets may not operate as efficiently as those in developed countries: in some cases, a market for a given security may not exist locally and, where relevant, transactions will need to be made on a neighbouring exchange; volume and liquidity levels are generally lower; little or no market may exist for the securities; issuers are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices; and the quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

Some securities may be subject to brokerage or transfer taxes levied by governments, which would have the effect of increasing the cost of investment and which may reduce the realised gain or increase the loss on such securities at the time of sale. In addition, settlement of trades in some emerging markets is much slower and subject to a greater risk of failure than in markets in developed countries, and interest payments from, and capital gains in respect of, certain securities may be subject to taxes that may or may not be reclaimable.

Many of the laws that govern private investment, securities transactions and other contractual relationships in emerging markets are relatively new and largely untested

Many of the laws that govern private investment, securities transactions and other contractual relationships in emerging markets are relatively new and largely untested. As a result, the Company may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear and changing laws, lack of awareness or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. Furthermore, it may be difficult to obtain and enforce a judgment in certain of the emerging markets in which the Company's assets may be invested.

Regulatory control and corporate governance of companies in emerging markets confer little protection on minority shareholders. Anti-fraud and anti-insider trading legislation is often rudimentary. The concept of fiduciary duty to shareholders by officers and directors is also limited when compared to such concepts in developed markets. In certain instances, management may take significant actions without the consent of shareholders and anti-dilution protection may also be limited.

In the event that any of the above risks are realised, the Company could suffer a material adverse effect on the value of its Portfolio, financial condition, results of operations and the NAV and/or the market price of the Shares.

Risks relating to the Investment Manager

The Company is dependent on the expertise of the Investment Manager and its key personnel to evaluate properly investment opportunities and to implement its investment strategy

In accordance with the Investment Management Agreement, the Investment Manager is responsible for the management of the Company's investments. The Company does not have employees and its Directors are appointed on a non-executive basis. All of its investment and asset management decisions are made by the Investment Manager and not by the Company and, accordingly, the Company is heavily reliant upon, and its success depends to a significant extent on, the Investment Manager and its personnel, services and resources. The Investment Manager is not required to nor will it generally submit individual investment decisions for approval to the Board. Consequently, the Company is dependent on the experience and expertise of the individuals employed by the Investment Manager.

Further, the future ability of the Company to pursue its investment policy successfully may depend on the ability of the Investment Manager to retain its existing staff and/or to recruit individuals of similar experience and calibre. Whilst the Investment Manager has endeavoured to ensure that the principal members of its management teams are suitably incentivised, the retention of key members of the teams

cannot be guaranteed. In the event of a departure of any key employee of the Investment Manager, there is no guarantee that the Investment Manager would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Company.

The Investment Manager's strategy is resource and time intensive. Although the Investment Management Agreement requires the Investment Manager to commit an appropriate amount of its business efforts to the management of the Company, the Investment Manager is not required to devote all of its time to the management of the Company and may continue to advise and manage the investment portfolios of other clients and/or other investment vehicles in the future. If the Investment Manager is unable to allocate the appropriate time or resources to the Company's investments, the Company may be unable to achieve its investment objective. In addition, the Investment Management Agreement does not require the Investment Manager to dedicate specific personnel to the Company or to require personnel servicing the Company's business to allocate a specific amount of time to the Company.

The due diligence process that the Investment Manager undertakes in evaluating specific investment opportunities for the Company may not reveal all facts that may be relevant in connection with such investment opportunities

When conducting due diligence and making an assessment regarding an investment, the Investment Manager will be required to rely on resources available to it, including internal sources of information as well as information provided by existing and potential issuers, any equity sponsor(s), lenders and other independent sources. The due diligence process may at times be required to rely on limited or incomplete information.

The Investment Manager makes investments for the Company in part on the basis of information and data relating to potential investments filed with various government regulators and publicly available or made directly available to the Investment Manager by such issuers or third parties. Although the Investment Manager will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, the Investment Manager will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. The Investment Manager is dependent upon the integrity of the management of the entities filing such information and of such third parties, as well as the financial reporting process in general.

Further, investment analysis and decisions by the Investment Manager may be undertaken on an expedited basis in order to make it possible for the Company to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete. Furthermore, the Investment Manager is unlikely to have sufficient time to evaluate fully such information even if it is available.

The value of the investments made by the Company may be affected by fraud, misrepresentation or omission on the part of the issuer to which the investment relates, by parties related to the issuer or by other parties (or related collateral and security arrangements). Such fraud, misrepresentation or omission may increase the likelihood of a default in repayment of the relevant coupon proceeds and adversely affect the value of any security in respect of the investment in question or may adversely affect the Company's ability to enforce its contractual rights under the investment.

Accordingly, due to a number of factors, the Company cannot guarantee that the due diligence investigation carried out by the Investment Manager with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Any failure by the Investment Manager to identify relevant facts through its due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on the Company's business, financial condition, results of operations and the NAV and/or the market price of the Shares.

Access to material non-public information may restrict the ability of the Investment Manager to take action with respect to some investments

The Investment Manager has established policies and procedures reasonably designed to prevent the misuse by the Investment Manager and its personnel of material information regarding particular issuers that has not been publicly disseminated ("**material non-public information**") in accordance with applicable legal and regulatory requirements. In general, under such policies and procedures and

applicable law, when the Investment Manager is in possession of material non-public information related to a publicly traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither the Investment Manager nor its personnel are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that the Investment Manager has is no longer deemed to be material non-public information.

The Investment Manager has procedures that outline the process by which it will determine whether to elect to receive material non-public information, or whether it will determine not to receive material non-public information, in any given case. This determination is made on an issuer-by-issuer basis using objective criteria established by the Investment Manager. It should be noted that the Investment Manager's determination regarding whether or not to receive material non-public information regarding a specific issuer may have implications for the services the Investment Manager is able to provide to certain clients in certain situations, including the Company.

Risks relating to regulation and taxation

Changes in law or regulations, or a failure to comply with any laws or regulations, may adversely affect the businesses, investments and performance of the Company and the Investment Manager

The Company is subject to, and is required to comply with, certain regulatory requirements that are applicable to closed-ended investment companies which are domiciled in Guernsey. These include compliance with any decision of the Guernsey Financial Services Commission. In addition, the Company is subject to the continuing obligations imposed by the UKLA and the London Stock Exchange on all investment companies whose shares are respectively admitted to the Official List and to trading on the Main Market.

The Investment Manager is subject to, and is required to comply with, certain regulatory requirements of the FCA.

The laws and regulations affecting the Company and/or the Investment Manager are evolving and any changes in such laws and regulations may have an adverse effect on the ability of the Company and/or the Investment Manager to carry on their respective businesses. Any such changes may also have an adverse effect on the ability of the Company to pursue its investment policy, and may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares. In such event, the investment returns of the Company may be materially affected.

For regulatory, tax and other purposes, the Company and the Shares may potentially be treated in different ways in different jurisdictions. For instance, in certain jurisdictions and for certain purposes, the Shares may be treated as more akin to holding units in a collective investment scheme, which may have an adverse effect on the taxation of Shareholders in such jurisdictions.

The AIFM Directive

The AIFM Directive, which was required to be transposed by EU member states into national law by 22 July 2013, seeks to regulate alternative investment fund managers (in this paragraph, "AIFM") and imposes obligations on EEA managers who manage alternative investment funds (in this paragraph, "AIF") or managers who market shares in such funds to EEA investors. In order to obtain authorisation under the AIFM Directive, an AIFM will need 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 AIF.

The Investment Manager will be required to seek authorisation to manage the Company under the AIFM Directive. If the Investment Manager failed to obtain such authorisation, it may be unable to continue to manage the Company or its ability to manage the Company may be impaired.

Following national transposition of the AIFM Directive in a given EEA member state, the marketing of shares in AIFs that are established outside the EEA (such as the Company) to investors in that EEA member state will be prohibited unless certain conditions are met. Certain of these conditions are outside the Company's control as they are dependent on the regulators of the relevant third country (in this case Guernsey) and the relevant EEA member state entering into regulatory co-operation agreements with

one another. As at the date of this Prospectus, Guernsey has entered into co-operation agreements with the majority of EEA member states regulators, including the United Kingdom Financial Conduct Authority. In cases where the conditions are not satisfied, the ability of the Company to market Shares or raise further equity capital in those countries without co-operation agreements may be limited.

Any regulatory changes arising from implementation of 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 Shares.

If the Company becomes subject to tax on a net income basis in any tax jurisdiction, including Guernsey and the United Kingdom, the Company's financial condition and prospects could be materially and adversely affected

The Company intends to conduct its affairs so that it will not be treated under English law and practice as UK resident for taxation purposes, or as having a permanent establishment or otherwise being engaged in a trade or business, in the UK. The Company intends that it will not be subject to tax on a net income basis in any country. There can be no assurance, however, that the net income of the Company will not become subject to income tax in one or more countries, including Guernsey and the United Kingdom, as a result of unanticipated activities performed by the Company, adverse developments or changes in law with possible retrospective effect, contrary conclusions by the relevant tax authorities, changes in the Directors' personal circumstances or management errors, or other causes. The imposition of any such unanticipated net income taxes could materially reduce the post-tax returns available for distributions on the Shares, and consequently may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares.

Changes in the Company's tax status or tax treatment may adversely affect the Company. If the Company becomes subject to the UK offshore fund rules there may be adverse tax consequences for certain UK resident Shareholders

Any change in the Company's tax status, or in taxation legislation or practice in any relevant jurisdiction or in the Company's tax treatment (for example, due to the disposition of equity accepted in settlement for debt), may affect the value of the investments held by the Company or the Company's ability to pursue its investment policy successfully or achieve its investment objective, or may alter the after-tax returns to Shareholders. Statements in this Prospectus concerning the taxation of Shareholders are based upon current UK, Guernsey and U.S. tax law and published practice, any aspect of which law and practice is, in principle, subject to change (potentially with retrospective effect), which change may adversely affect the ability of the Company to pursue its investment policy successfully or achieve its investment objective, and which may adversely affect the taxation of Shareholders.

Statements in this Prospectus take into account, in particular, the UK offshore fund rules contained in Part 8 of the Taxation (International and Other Provisions) Act 2010. Should the Shares of the Company be regarded as being subject to the offshore fund rules this may have adverse tax consequences for certain UK resident Shareholders.

The Company is not, and does not intend to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules

The Company has not, does not intend to, and may be unable to, become registered in the United States as an investment company under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to U.S. investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, and does not intend to register, none of these protections or restrictions is or will be applicable to the Company.

In addition, in order to ensure that the Company is not required to register as an investment company under the U.S. Investment Company Act and to avoid violating the U.S. Investment Company Act, the Company has implemented restrictions on the purchase of the Shares by persons who are located in the United States or are U.S. Persons. For more information, prospective investors should refer to the section entitled "Purchase and Transfer Restrictions" in Part IV of this Prospectus.

Recently enacted U.S. tax legislation may in the future impose a withholding tax on certain payments received by the Company unless the Company reports certain information about its Shareholders to the U.S. Internal Revenue Service

The U.S. Congress recently enacted the Foreign Account Tax Compliance Act (“**FATCA**”) provisions of the U.S. Hiring Incentives to Restore Employment Act which may require the Company to enter into an agreement with the IRS requiring the Company to obtain information about its Shareholders and to disclose information about certain Shareholders to the IRS. The Company could become subject to a 30 per cent. withholding tax on certain payments to the Company of (or attributable to) U.S. source income if it does not enter into such an agreement or is not otherwise exempt or deemed compliant, is unable to obtain required information with respect to its financial accounts (including equity interests in the Company) held by U.S. Shareholders and certain non-U.S. Shareholders that are wholly or partially owned by U.S. persons, or otherwise fails to satisfy its obligations under the agreement. The new withholding regime will be phased in beginning in 2014. As a result, Shareholders may be required to provide any information that the Company determines is necessary to avoid the imposition of such withholding tax or in order to allow the Company to satisfy its obligations, and failure by Shareholders to do so could have a material adverse impact on the Company’s financial performance and the value of the Ordinary Shares. Moreover, the Company may require a Shareholder to sell or transfer its Ordinary Shares if it fails to provide the Company with the information necessary to comply with FATCA.

The States of Guernsey have concluded negotiations with the U.S. in regard to entering into an intergovernmental agreement between Guernsey and the U.S. in respect of compliance with the FATCA regime in Guernsey. Once signed, an intergovernmental agreement would be subject to ratification by Guernsey States of Deliberation (Guernsey’s parliament) and implementation of the agreement would be through Guernsey’s domestic legislative procedure. It is currently anticipated that any such legislation will not come into effect until 2015 at the earliest. The impact of such an agreement on the Company and the Company’s reporting and withholding responsibilities (if any) pursuant to FATCA as implemented in Guernsey is not currently known.

Further details in relation to FATCA are set out in Part VII of this Prospectus.

The Company may become subject to withholding tax in certain jurisdictions in which it invests, which may adversely affect returns to Shareholders

The Company may become subject to withholding tax in certain jurisdictions in which it invests, which may adversely affect returns to Shareholders. The majority of the Portfolio is expected to comprise U.S. Dollar denominated convertible securities. The Company expects that, subject to the information provided above in relation to FATCA, it will not be subject to withholding tax on the income or interest payable under these instruments. However, the Company may invest in local currency denominated convertible securities and the coupon or interest payments on such investments may attract withholding tax. Any withholding tax accruing on the coupons would have the effect of reducing the yield received on the Portfolio and, consequently, reducing the returns to Shareholders.

Changes to tax treatment of derivative instruments may adversely affect the Company and certain tax positions it may take may be successfully challenged

The regulatory and tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by the Company and its ability to pursue its investment policy and investment strategy. In addition, the Company may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by an applicable taxing authority, there could be a material adverse effect on the Company.

The Company could be subject to obligatory disclosure requirements under the UK-Guernsey intergovernmental agreement (if adopted)

On 15 March 2013, the Chief Minister of Guernsey announced that Guernsey was in the process of finalising a draft intergovernmental agreement with the UK (the “**UK-Guernsey IGA**”) under which potentially mandatory disclosure requirements may be required in respect of certain Shareholders who may have a UK connection. As at the date of this Prospectus, details of the finalised terms and effective date of the UK-Guernsey IGA have yet to be announced. Once signed, the UK-Guernsey IGA would be

subject to ratification by Guernsey's States of Deliberation and the relevant legislation would have to be introduced. It is currently anticipated that any such legislation will not come into effect until 2016 at the earliest. The impact of the UK-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the UK-Guernsey IGA is not currently known.

IMPORTANT NOTICES

Prospective and existing investors should rely only on the information contained in this Prospectus in connection with the Placing Programme. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus in connection with the Placing Programme and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Investment Manager or Winterflood Securities. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of FSMA, neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date.

This Prospectus has been produced for the purpose of the Placing Programme and seeking admission to the Official List of the UK Listing Authority and to trading of Placing Shares issued pursuant to the Placing Programme on the London Stock Exchange's market for listed securities. The contents of this Prospectus are not to be construed as legal, financial, business, investment or tax advice. Prospective and existing investors should consult their own legal adviser, financial adviser or tax adviser for legal, financial or tax advice in relation to the purchase of Shares.

Investment in the Company is only suitable for institutional, professional and high net worth investors, private client fund managers and brokers and other investors who understand the risks involved in investing in the Company and/or who have received advice from their fund manager, broker or tax adviser regarding an investment in the Company. Furthermore, an investment in the Shares is suitable only for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear losses (which may equal the whole amount invested) that may result from such an investment. An investment in the Shares should constitute part of a diversified investment portfolio and Shareholders may need to hold the Shares on a long term basis since the Shares are not suitable for short term investment. Accordingly, typical investors in the Company are expected to be institutional, professional and high net worth investors, private client fund managers and brokers and other investors who understand the risks involved in investing in the Company and/or who have received advice from their fund manager, broker or tax adviser regarding investment in the Company.

General

Prospective and existing investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective and existing investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption 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, redemption or other disposal of Shares. Prospective and existing investors must rely on their own representatives, including their own legal advisers, financial advisers, tax advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

Statements made in this Prospectus are based on the law and practice currently in force and are subject to changes therein. This Prospectus should be read in its entirety before making any application for Placing Shares.

All times and dates referred to in this Prospectus are, unless otherwise stated, references to London times and dates and are subject to change without further notice.

Restrictions on Distribution and Sale

The distribution of this Prospectus and the offering and sale of securities offered hereby in certain jurisdictions may be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and observe any such restrictions. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or solicitation to purchase, any such securities in any jurisdiction in which solicitation would be unlawful.

For a description of restrictions on offers, sales and transfers of Shares, see “Selling restrictions” beginning on page 31 and “Purchase and transfer restrictions” in Part IV of this Prospectus.

In addition, prospective and existing investors should note that, except with the express written consent of the Company given in respect of an investment in the Company, the Shares may not be acquired by: (i) investors using assets of (A) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (B) a “plan” as defined in Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “U.S. Tax Code”), including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code, or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in preceding clause (A) or (B) in such entity pursuant to the U.S. Plan Asset Regulations; or (ii) a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Tax Code, unless its purchase, holding, and disposition of the Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

If 25 per cent. or more of the equity in the Company is owned, directly or indirectly, by U.S. Plan Investors that are subject to Title I of ERISA or Section 4975 of the U.S. Tax Code, the assets of the Company will be deemed to be “plan assets”, subject to the constraints of ERISA and Section 4975 of the U.S. Tax Code. This would result, among other things, in: (i) the application of the prudence and fiduciary responsibilities standards of ERISA to investments made by the Company; and (ii) the possibility that certain transactions that the Company and its subsidiaries might enter into, or may have entered into in the ordinary course of business, might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the U.S. Tax Code and might have to be rescinded. A non-exempt prohibited transaction may also result in the imposition of an excise tax under the U.S. Tax Code upon a “party in interest” (as defined in ERISA) or “disqualified person” (as defined in the U.S. Tax Code), with whom a plan engages in the transaction. The Company will use commercially reasonable efforts to limit ownership by U.S. Plan Investors of equity in the Company. However, no assurance can be given that investment by U.S. Plan Investors will not exceed 25 per cent. or more of the equity in the Company.

No incorporation of Website

The contents of the Company’s website at www.jpmconvertiblesincome.co.uk do not form part of this Prospectus. Investors should base their decision to invest on the contents of this Prospectus alone and should consult their professional advisers prior to making an application to subscribe for Shares.

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 include all 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 concerning, amongst other things, the investment objective and investment policy, financing strategies, investment performance, results of operations, financial condition, prospects, and dividend policy of the Company and the markets in which it, and its portfolio of investments, invest and/or operate. 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. The Company's actual investment performance, results of operations, financial condition, dividend policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Prospectus.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Prospective and existing investors should carefully review the "Risk Factors" section of this Prospectus before making an investment decision. Forward-looking statements speak only as at the date of this Prospectus. Although the Company and the Investment Manager undertake no obligation to revise or update any forward-looking statements contained herein (save where required by the Listing Rules, Prospectus Rules or Disclosure and Transparency Rules), whether as a result of new information, future events, conditions or circumstances, any change in the Company's or the Investment Manager's expectations with regard thereto or otherwise, Shareholders are advised to consult any communications made directly to them by the Company and/or any additional disclosures through announcements that the Company may make through a RIS announcement.

Selling Restrictions

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction in connection with any applications for Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction. Save for the United Kingdom, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus in any other jurisdiction where action for that purpose is required.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), no Shares have been offered or will be offered pursuant to the Placing Programme to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State and each person who initially acquires any Shares or to whom any offer is made under the Placing Programme will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for the 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 (and the amendments thereto, including Directive 2010/73/EU (the “**2010 PD Amending Directive**”), to the extent implemented in the Relevant Member State and includes any relevant implementing measure in each Relevant Member State.

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.

United States

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the 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, any U.S. Person (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States.

The Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Shares are being offered and sold only outside the United States to persons who are not U.S. Persons (as defined in Regulation S) in reliance on Regulation S under the U.S. Securities Act.

For a description of restrictions on offers, sales and transfers of Shares, see also “Purchase and transfer restrictions” in Part IV of this Prospectus.

Bailiwick of Guernsey

The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the Registered Collective Investment Scheme Rules 2008 (the “**RCIS Rules 2008**”) issued by the Guernsey Financial Services Commission (the “**Commission**”). The Commission, in granting registration, has not reviewed this Prospectus but has relied upon specific warranties provided by the Administrator, the Company’s designated manager.

Neither the Commission nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

A registered collective investment scheme is not permitted to be directly offered to the public in Guernsey but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.

If potential investors are in any doubt about the contents of this Prospectus they should consult their accountant, legal, or professional adviser, or financial adviser.

EXPECTED TIMETABLE

Placing Programme opens	20 September 2013
Earliest date for Placing Shares to be issued pursuant to the Placing Programme	20 September 2013
Last date for Placing Shares to be issued pursuant to the Placing Programme	19 September 2014

PLACING PROGRAMME STATISTICS

Maximum size of the Placing Programme	150,000,000 Shares
Placing Price for issues of Placing Shares	After issue expenses, not less than the latest published Net Asset Value per Placing Share at the time of the allotment

DEALING CODES

ISIN	G00B96SW597
SEDOL	B96SW59
Ticker	JGCI

DIRECTORS, INVESTMENT MANAGER AND ADVISERS

Directors (all non-executive)

Simon Miller (*Chairman*)
Philip Taylor FCA
Paul Meader
Charlotte Valeur Adu

All c/o the Company's registered office

Investment Manager and Company Secretary

JPMorgan Asset Management (UK) Limited
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EC2Y 9AQ

Solicitors to the Company (as to English law and U.S. securities law)

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Advocates to the Company (as to Guernsey law)

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Registrar

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Sponsor

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Solicitors to the Sponsor (as to English law)

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Administrator

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(for custody services only)

PART I

THE COMPANY

Introduction

The Company is a closed-ended investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 7 May 2013, with registered number 56625. The Company is a non-cellular company and has been declared by the GFSC to be a registered closed-ended collective investment scheme. The Company's share capital is denominated in Sterling and, as at 18 September 2013 (being the latest practicable date prior to publication of this Prospectus) consists of 150,000,000 Shares.

The Company was launched on 11 June 2013 with total initial net assets of £133.6 million. As at 18 September 2013, being the latest practicable date prior to publication of this Prospectus, it has subsequently raised a further £14.3 million through the issue of further Shares. The assets of the Company are managed by JPMorgan Asset Management (UK) Limited (the "**Investment Manager**").

The Company is seeking to undertake regular issues of new Shares both to satisfy investor demand and to manage the premium at which Shares trade relative to the Net Asset Value per Share and, accordingly, it is proposing to issue Placing Shares under the Placing Programme.

The Company intends to issue up to 150 million Placing Shares and the Placing Programme may have a number of closing dates which will enable the Company to issue the Placing Shares over a period of 12 months following the date of this Prospectus. The Placing Programme is described in Part IV of this Prospectus.

Investment objective

The Company will aim to provide investors with a dividend income, combined with the potential for long term capital growth, from investing in a globally diversified portfolio of convertible securities.

Investment policy

The Company will invest in a globally diversified portfolio of convertible securities and other suitable instruments exhibiting convertible or exchangeable characteristics.

Diversification

The Portfolio is expected to be broadly diversified across sectors, geography and market capitalisations and, while there are no specific limits placed on exposure to any sector, country or market capitalisation, the Company will at all times invest and manage the Portfolio in a manner consistent with spreading investment risk.

The Company will have no restrictions with respect to the credit ratings of any issuer, or any securities, in which it may invest and the issuers of convertible securities may be located in any country, including emerging market countries.

The number of holdings in the Portfolio will usually range between 60 and 80 when fully invested.

Asset allocation

Investment exposure to convertible securities will normally make up the majority of total assets and may take the form of convertible bonds, convertible notes, convertible preference shares, convertible unsecured loan stock, synthetic convertible securities, equity and equity-linked securities, index and participation notes, equity-linked notes, corporate bonds, pre-IPO bonds, warrants and other instruments exhibiting convertible or exchangeable characteristics.

Pending investment or re-investment in convertible securities, the Company may hold cash on deposit or invest on a temporary basis in a range of high quality debt securities and cash equivalent instruments.

The Company may hold equity securities arising on the conversion or exchange of convertible securities, exercise of options and similar events but it is not envisaged that such equity securities will be held on a long-term basis.

The Company will use the MSCI World index (in Sterling terms) for reference purposes but will not be benchmark-driven in its asset allocation.

Investment restrictions

No exposure to any investee company, whether obtained through securities issued by that company or through instruments entered into with third parties which are referable to that company, will exceed 10 per cent. of Gross Asset Value at the time of investment.

No exposure to any single counterparty, whether in its capacity as the issuer of convertible securities, as the counterparty to instruments which are referable to other companies, or as a banking counterparty (other than the Custodian holding cash resources on behalf of the Company from time to time) will exceed 15 per cent. of Gross Asset Value at the time of making the relevant investment or deposit.

The majority of the Portfolio will be invested in listed convertible securities or those subject to regulatory reporting requirements. Investments in convertible securities that are neither listed nor subject to regulatory reporting requirements will not normally exceed 5 per cent. of Gross Asset Value at the time of investment.

The Company may, from time to time, invest in synthetic convertible securities but such exposure will be limited, in aggregate, to 15 per cent. of Gross Asset Value at the time of investment.

The Company may invest in other investment funds, including listed closed-ended investment funds, to gain investment exposure to convertible securities but such exposure will be limited, in aggregate, to 10 per cent. of total assets at the time of investment.

The Company will not invest in closed-ended investment funds which may invest more than 15 per cent. of their total assets in other listed closed-ended investment funds.

Gearing

The Company may employ gearing up to a maximum of 20 per cent. of Net Asset Value at the time of borrowing. Gearing is expected to be used tactically to make investments consistent with the Company's investment objective and policy and for working capital purposes.

Derivatives

The Company may use derivatives (both long and short) for purposes of efficient portfolio management. Short positions will be used to hedge the equity exposure of the Portfolio. The Company will not enter into uncovered short positions.

Currency hedging

The Company will operate in Sterling. The majority of the Company's assets from time to time are expected to be denominated in currencies other than Sterling. Accordingly, the Company would normally intend to hedge the value of any non-Sterling assets and the income derived from them into Sterling using suitable hedging contracts.

Returns to Shareholders

The Company will aim to provide investors with a dividend income, combined with the potential for long-term capital growth.

On the basis of market conditions as at the date of this Prospectus, in the Company's first financial year the Board and Investment Manager are targeting an annualised initial gross dividend yield to Shareholders of 4.5 per cent. on the Issue Price based on a yield to best² on the Portfolio of 6 to 7 per cent.

² "Yield to best" being the higher of yield to maturity or yield to put.

The actual returns, including any capital return, to be generated by the Company in pursuing its investment objective will depend on a wide range of factors including, but not limited to, general economic and market conditions, fluctuations in currency exchange rates, prevailing interest rates and credit spreads and the terms of the investments made by the Company.

The target initial gross dividend yield and target yield to best² on the Portfolio should not be taken as an indication of the Company's expected future performance or results over such period. These target yields are targets only; there is no guarantee that these can or will be achieved and they should not be seen as an indication of the Company's expected or actual return. Furthermore, the future performance of the Company may be materially adversely affected by the risks discussed in the section of this Prospectus entitled "Risk Factors".

The Company has prepared financial statements in accordance with IFRS and interpretations issued by the International Financial Reporting Interpretations Committee as adopted by the European Union. The standards are those endorsed by the European Union and effective at the date the financial statements were approved by the Board.

The financial statements under IFRS recognise the income of the Company such that any returns (whether in respect of interest, redemption or otherwise) on debt securities for a fixed amount are recognised as income and accrued on a time apportionment basis so as to reflect the Effective Interest Rate on the debt securities. Where however, the return may be variable, linked to, for example, interest base rates, the retail price index, or other indices, it is only possible to calculate the impact on the Effective Interest Rate when such returns are known, and the Effective Interest Rate may change when such variables change. The Effective Interest Rate on an instrument is defined in IAS 39 (International Accounting Standard 39) as "the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability". Any recognised income will accordingly be updated to reflect any over/under accrual.

The return on debt securities is recognised as income and accrued to the revenue account in the income statement. Likewise, related management fees are also charged to the revenue account within the income statement.

Dividend policy

The first accounting period of the Company will run from the date of the Company's incorporation on 7 May 2013 to 30 June 2014 and, thereafter, accounting periods will end on 30 June in each year. It is intended that the initial target gross dividend of 4.5 per cent. in respect of the Company's first accounting period will be paid to Shareholders by way of two half-yearly distributions to Shareholders in respect of the periods ending 31 December 2013 and 30 June 2014, with the Company's first dividend expected to be declared in February 2014 in respect of the period ending 31 December 2013. In each subsequent financial year, the Company will seek to make quarterly distributions in respect of the quarters ending 30 September, 31 December, 31 March and 30 June. The payment of all dividends is subject to satisfaction of the solvency test prescribed by the Companies Law.

The Company will seek to maintain its annual dividends. To the extent that the Company's net income (calculated as received revenue less the operating costs of the Company charged to the revenue column of the Company's income statement) in any financial year exceeds the amount paid as dividend, this excess may be retained for use in smoothing future dividend payments. Any amount so retained would increase the Net Asset Value of the Company. Conversely, to the extent that the payment of the initial target gross dividend of 4.5 per cent. would represent an amount greater than the Company's net income (again calculated as received revenue less the operating costs of the Company), such dividend payment would decrease the Net Asset Value of the Company.

Income from the Portfolio comprises predominantly coupon and interest payments received from investments in the Portfolio but may also include the income, if any, arising from cash held by the Company pending investment or distribution.

² "Yield to best" being the higher of yield to maturity or yield to put.

The Investment Manager

Subject to the overall supervision of the Board, the Company is managed by JPMorgan Asset Management (UK) Limited. The Investment Manager is responsible for the discretionary and day-to-day management of the assets of the Company (including uninvested cash) and is not required to, nor will it generally, submit individual decisions for approval by the Board.

The Investment Manager is entitled to receive from the Company a management fee, calculated and payable monthly in arrear, at a rate of 0.75 per cent. of NAV per annum. The company secretarial costs of the Company are included in this management fee. No performance fee is payable to the Investment Manager.

Further information in respect of the Investment Manager is set out in Part VI of this Prospectus. Further details in relation to the management fee and other terms of the Investment Management Agreement are set out in paragraph 5.1 of Part VIII of this Prospectus.

Continuation Resolution

In accordance with the Articles, the Directors are required to propose an ordinary resolution that the Company continues its business as a closed-ended investment company (the “**Continuation Resolution**”) at the annual general meeting of the Company to be held in 2018. If the Continuation Resolution is passed, the Directors are required to put a further Continuation Resolution to Shareholders at the annual general meeting of the Company every third year thereafter.

If any Continuation Resolution is not passed, the Directors are required to put forward proposals for the reconstruction or reorganisation of the Company to the Shareholders for their approval within six months following the date on which the Continuation Resolution is not passed. These proposals may or may not involve winding up the Company and, accordingly, failure to pass the Continuation Resolution will not necessarily result in the winding up of the Company.

Share purchases and buy backs

The Directors have been granted general authority to purchase in the market up to 14.99 per cent. of the Shares in issue immediately following Admission at a price not exceeding the last reported Net Asset Value per Share as at the time of purchase. The Directors intend to seek annual renewal of this authority from the Shareholders at the Company’s annual general meeting.

Pursuant to this authority, and subject to compliance with the solvency test and any other relevant provisions of the Companies Law and the discretion of the Directors, the Company may purchase Shares in the market on an ongoing basis with a view to addressing any imbalance between the supply of and demand for Shares and thereby assisting in controlling the discount to Net Asset Value per Share at which the Shares may be trading. In the ordinary course of business, the Directors would expect to exercise their discretion to repurchase Shares if the discount to Net Asset Value at which the Shares are trading exceeds 5 per cent. for any significant period of time.

Shares purchased by the Company may be cancelled or may alternatively be held in treasury. Shares may be re-issued from treasury but, unless previously approved by Shareholders, not at a price which, taking account of issue expenses, would be less than the last reported Net Asset Value per Share.

Shareholders and prospective Shareholders should note that the purchase of Shares by the Company is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

Further issues of Shares

The Directors have authority to issue further Shares. Further issues of Shares will only be made if the Directors determine such issues to be in the best interests of Shareholders and the Company as a whole. Relevant factors in making such determination include the Company’s performance, the premium at which the Shares trade and perceived investor demand. Shares will only be issued at prices which, taking account of issue expenses, are not less than the last reported Net Asset Value per Share.

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of Shares. The Articles do, however, contain pre-emption rights in relation to allotments of Shares for cash, although such pre-emption rights have been disapplied in relation to up to 300,000,000 Shares or C Shares following admission of the Shares issued at launch on 11 June 2013 for a period concluding immediately prior to the annual general meeting of the Company to be held in 2014 so as to assist the Company in managing market demand for Shares by the issue of further Shares. As at 18 September 2013, being the latest practicable date prior to publication of this Prospectus, the Company has issued 14,000,000 Shares non-pre-emptively and, as such there remain 286,000,000 Shares available to allot non-pre-emptively. The Directors intend to request that the authority to allot Shares on a non-pre-emptive basis is renewed at the annual general meeting of the Company to be held in 2014 and at each subsequent annual general meeting of the Company.

The Directors intend to issue certain of these Shares pursuant to the Placing Programme. Further information in relation to the Placing Programme is set out in Part IV of this Prospectus.

Reports and Accounts

The first accounting period of the Company will run from the date of the Company's incorporation on 7 May 2013 to 30 June 2014 and, thereafter, accounting periods will end on 30 June in each year. The audited annual accounts will be provided to Shareholders within four months of the year end to which they relate. Unaudited half yearly reports, made up to 31 December in each year, will be provided to Shareholders within two months of that date. The Company will also produce interim management statements in accordance with and whilst required by the Disclosure and Transparency Rules. The Company will report its results of operations and financial position in Sterling.

The audited annual accounts and half yearly reports will also be available at the registered office of the Administrator and the Company and from the Company's website, www.jpmconvertiblesincome.co.uk.

The financial statements of the Company will be prepared in accordance with IFRS, and the annual accounts will be audited by the Auditors, Ernst & Young LLP, in accordance with International Standards on Auditing (UK and Ireland).

The preparation of financial statements in conformity with IFRS requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgements about attributing values to assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates and the amount of such variance could be material.

Net Asset Value

Publication of Net Asset Value and monthly factsheet

The Company publishes its Net Asset Value per Share by a RIS announcement and on the website of the Company, both inclusive and exclusive of undistributed current year revenue, on a daily basis. The Company also intends to publish a monthly factsheet on its website.

The Directors may, but are not obliged to, temporarily suspend the calculation of the NAV and NAV per Share in certain circumstances. Further details of the circumstances in which calculation of the NAV and NAV per Share may be suspended are set out in the section entitled "Suspension of the calculation of Net Asset Value" in Part VI of this Prospectus.

Valuation methodologies

The Company's Net Asset Value, which is calculated in Sterling, is calculated as follows:

Securities (other than options) that are listed on an active exchange and that are freely transferable are valued at their official listed closing bid price on the principal exchange on which such securities are listed. Options that are listed on an active exchange will be valued at the closing "bid" price on the principal exchange on which such options are traded. If, however, the trading of any such securities or

options is suspended at the date of determination, then the securities or options will be initially valued at either the last available price specified on the principal exchange on which such securities are listed prior to suspension or by reference to valuation techniques using inputs that may not be based on observable market data, deemed as fair value.

Subsequently, securities or options will be valued using techniques deemed consistent with fair value basis. Such techniques may include recent arm's length market transactions, the current fair value of another instrument that is substantially the same or discounted cash flow analysis or net asset value. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique may be used.

Securities traded over the counter that are freely transferable are valued using an independent reporting system or, if not quoted on such a system, by at least one of the principal market makers in such securities.

Forward, spot and swap contracts, other off-exchange instruments or derivative instruments not referred to above and for which there is no observable market data, are valued by the Directors via a delegated authority to the Investment Manager on a consistently applied mark to model basis, respecting fair market value principles.

With respect to securities and instruments other than those specified above, the Directors will write up or write down the valuation of such securities if the Directors determine, in accordance with their established valuation procedures, that the realisable value of such securities differs from their current valuation. The Directors will seek the advice of the Investment Manager in such circumstances. Such procedures include the use of independent pricing sources if available. If independent pricing sources are not available, the fair value of such securities or assets will be estimated by the Directors under advice from the Investment Manager, with such valuation referencing a variety of factors, including proprietary or industry-available valuation models, the issuer's financial strength and stability, the issuer's operating performance, strength of the issuer's management team, the Company's expected exit from the investment and any specific rights or restrictions associated with such investment. Such valuation procedures, as well as the value assigned to specific securities and other assets, will be reviewed from time to time by the Directors.

In the Directors' discretion, independent appraisals of securities may be obtained and the Directors may, at their discretion, delegate any or all valuation responsibilities to any person, including the Investment Manager.

Investment strategy and process

Security selection

The Investment Manager's principal focus is to select convertibles which it believes will produce attractive income and long-term growth at reasonable valuations. Strategy rotation (between defensive/yield type convertibles and more equity sensitive convertibles) will be used depending on the Investment Manager's assessment of the outlook for yields and overall convertibles market valuations.

The Investment Manager takes into account "top down" and "bottom up" considerations in Portfolio construction. Top down considerations look at particular dynamics across the convertibles market such as valuations, liquidity and flows. Bottom up considerations are factors specific to an issuer. The principal considerations likely to inform the selection of convertibles for inclusion in the Portfolio are as follows:

"Top down" factors

Analysis of valuation, liquidity and flow dynamics across the general convertibles market, and across different sectors, regions, market capitalisations, and convertible bond profiles.

“Bottom up” factors

- Individual company analysis (both credit and equity).
- Industry outlook and business trends.
- The individual convertible’s technical factor characteristics (such as “delta”, implied volatility, yield and call risk).

In creating and managing portfolios from a “top-down” perspective, the Investment Manager uses a number of quantitative models, some of which are developed in-house, to analyse the convertibles market. This allows the Investment Manager to monitor factors such as movements in valuations, credit spread levels and volatility at the aggregate and sub-sector level.

For a “bottom up” analysis of an issuer, the Investment Manager is able to draw both on the resources of the equity teams, using analyst research from sector specialists, and the convertible bond team’s dedicated capital structure analyst. The Investment Manager works together with the various analysts, attending company visits and meetings and is able to access specialists in their local markets, forming a key input into the investment process.

Where an in-depth corporate analysis is deemed beneficial by the Investment Manager, such as for special situations involving lower quality credit and small capitalisation companies, the Investment Manager’s dedicated capital structure analyst will perform fundamental analysis based on balance-sheet assessment, cash flow projections, credit metrics calculation and industry and company-specific development trends.

Once companies have been selected based on underlying fundamentals, convertibles are screened based on technical factors. Convertibles valuation models are used to assess equity sensitivity, bond profile, maturity, implied volatility and up/down participation in movements of the underlying equity. Since convertibles are vulnerable to call risk, this is also monitored.

Other aspects of the investment strategy and process

The Company may hold equity securities arising from the conversion or exchange of convertibles, exercise of options and similar events. It is not envisaged that such equity securities will be held on a long-term basis and the Company will generally dispose of such equity securities within a period of six months, subject to market conditions.

In pursuit of efficient portfolio management, the Company may use financial derivative instruments (both long and short). The instruments and techniques used may include exchange traded and “over-the-counter” fixed income, equity and credit derivatives. Techniques and instruments relating to transferable securities and money market instruments (including, but not limited to, securities lending, asset swaps or repurchase agreements) may also be used for efficient portfolio management.

Instruments exhibiting characteristics of convertibles, including synthetic convertibles, provide economic characteristics similar to convertibles by combining non-convertible fixed income securities or preferred stocks with separately sourced warrants or call options. Synthetic convertibles may be created by a third party or by investors able to source the component parts. The Investment Manager may, in some instances, use synthetic convertibles as these can offer access to convertibles at a reduced cost, or in a more cost-effective manner, than by investing directly in those convertibles in the market.

The Company would normally intend to hedge the value of any non-Sterling assets and the income derived from them into Sterling using suitable hedging contracts.

Cash management

The Company’s assets will normally be close to fully or fully invested in the Portfolio. Any uninvested cash will be held on deposit or on a temporary basis in a range of high quality debt securities and cash equivalent instruments pending investment or re-investment.

PART II

INVESTMENT TRENDS AND OUTLOOK

Background

Convertible securities offer investors the prospect of regular, predictable income similar to conventional bonds, together with the potential for capital growth associated with equities. Historically, convertibles have exhibited these characteristics with lower volatility of returns than equities.

Convertibles tend to have a higher price correlation with equities and lower price correlation with bonds, whilst providing much of the capital preservation characteristics of bonds. Over the course of a market cycle, this asymmetric risk-return profile may be seen as offering the best of equity and debt market returns: namely, upside participation in rising equity markets and downside protection in weaker markets.

Given the competitive risk-return profile, convertibles are arguably underrepresented in investors' portfolios, which tend to consist of equity and conventional fixed interest components. In both numbers of convertible bond funds as well as overall assets in the convertibles universe, convertible bond funds represent only a small portion of investors' assets.

The convertibles universe is large. According to UBS Investment Bank, as at the end of July 2013, the value at market price of the global convertibles universe was £311.5 billion, with a significant proportion of the population being rated investment grade. Although the U.S. remains the largest market for convertible issuance, convertibles are also common in Continental Europe and Asia. Convertibles are issued across a broad range of geographies and market sectors and it is possible to construct a widely diversified portfolio without undue geographic or sector concentration.

Outlook

Global equity markets have made significant gains in the first half of this year, with several global equity indices hitting multi-year highs. Due to their equity sensitivity, convertibles have been direct beneficiaries of such market moves and while some volatility was evident in the latter part of the second quarter following concerns surrounding the prospect of a withdrawal of the monetary policy stimulus enacted by the US Federal Reserve, this was ultimately overcome as markets rose higher again in July. In the event of a more sustained correction, convertibles, with the support of their bond floor, should exhibit down-side protection relative to equities. By contrast with the strong equity market performance, bond indices have performed poorly over the period. The Investment Manager believes the relative performance of convertibles demonstrates their higher price correlation with equity markets than with fixed income instruments, as the equity sensitivity of convertible bonds has generally offset any detrimental impact on price from increasing bond yields.

In terms of credit, the environment remains supportive as elevated levels of liquidity remain present across markets. Credit spread levels have continued to tighten modestly, following some volatility in June, and are expected to remain fairly stable. Further, a strong primary market is also supporting liquidity in the convertibles market.

Looking ahead, the Investment Manager anticipates that interest rates will generally remain at subdued levels relative to historical rates, with unconventional monetary actions continuing to be carried out by many central banks. Further, as a number of central banks have set preconditions on the withdrawal of monetary stimulus that are linked to prevailing economic conditions, the Investment Manager believes that a potential scenario in which such actions are withdrawn will prove largely benign for equity markets.

PART III

PORTFOLIO AND OPERATING AND FINANCIAL REVIEW

Largest investments

The following table shows the thirty largest investments in the Company's Portfolio as at 18 September 2013 (being the latest practicable date prior to the publication of this document):

<i>Company</i>	<i>Sector</i>	<i>Country</i>	<i>Valuation £'000</i>	<i>Portfolio %</i>
Soitec 6.75% Convertible 2018	Semiconductors	France	3,913	2.6
Lucent Technologies 7.75% Convertible 2017	Technology Hardware & Equipment	United States	3,757	2.5
Royal Gold 2.875% Convertible 2019	Materials	United States	3,434	2.3
Faurecia 8.75% 2019	Automobiles & Components	France	3,415	2.2
Holdgrove 1% Convertible 2017	Materials	Russia	3,342	2.2
Redwood Trust 4.625% Convertible 2018	Real Estate	United States	3,331	2.2
Wells Fargo 7.5% Perpetual Convertible Preference 'A'	Banks	United States	3,240	2.1
AK Steel 5% Convertible 2019	Materials	United States	3,226	2.1
Bank of America 7.25% Preference 'L'	Diversified Financials	United States	3,209	2.1
Peabody Energy 4.75% Convertible 2066	Energy	United States	3,191	2.1
Prospect Capital 5.875% Convertible 2019	Diversified Financials	United States	3,117	2.1
Steinhoff Finance 4.5% Convertible 2018	Consumer Durables & Apparel	South Africa	3,048	2.0
Starwood Property Trust 4.55% Convertible 2018	Real Estate	United States	3,034	2.0
SACYR 6.5% Convertible 2016	Capital Goods	Spain	2,983	2.0
Volkswagen 5.5% Convertible 2015	Automobiles & Components	Germany	2,960	1.9
Annaly Capital Management 5% Convertible 2015	Real Estate	United States	2,803	1.8
Heidelberger Druckmaschinen 8.5% Convertible 2017	Capital Goods	Germany	2,751	1.8
Abengoa 4.5% Convertible 2017	Capital Goods	Spain	2,702	1.8
Sterlite Industries 4% Convertible 2014	Materials	India	2,602	1.7
Agile Property 4% Convertible 2016	Real Estate	Hong Kong	2,583	1.7
Sesa Goa 5% Convertible 2014	Materials	India	2,517	1.7

<i>Company</i>	<i>Sector</i>	<i>Country</i>	<i>Valuation £'000</i>	<i>Portfolio %</i>
Ares Capital 4.75% Convertible 2018	Diversified Financials	United States	2,453	1.6
Pierre & Vacances 4% Convertible 2015	Consumer Services	France	2,293	1.5
Meritor 7.875% Convertible 2026	Capital Goods	United States	2,243	1.5
SVG Capital 8.25% Convertible 2016	Diversified Financials	United Kingdom	2,161	1.4
Peugeot 4.45% Convertible 2016	Automobiles & Components	France	2,119	1.4
Chesapeake Energy 2.25% Convertible 2038	Energy	United States	2,103	1.4
Liberty Media 3.75% Convertible 2030	Telecommunication Services	United States	2,093	1.4
Vedanta Resources Jersey 5.5% Convertible 2016	Materials	United Kingdom	1,967	1.3
Nextera Energy 5.889% Convertible 2015	Utilities	United States	1,903	1.3
Total			<u>84,493</u>	<u>55.7</u>

(Source: Company (unaudited))

1 Based on total assets less current liabilities of £151.8 million.

Sectoral analysis

The following table shows the composition, by sector, of the Company's Portfolio as at 18 September 2013 (being the latest practicable date prior to the publication of this document):

<i>Sector</i>	<i>Portfolio percentage¹</i>
Materials	16.4
Diversified Financials	11.9
Real Estate	11.8
Capital Goods	10.9
Energy	7.8
Automobiles & Components	6.1
Utilities	5.0
Semiconductors	3.8
Technology Hardware & Equipment	2.9
Consumer Services	2.4
Transportation	2.3
Banks	2.1
Consumer Durables & Apparel	2.0
Telecommunication Services	1.7
Insurance	1.4
Food Beverage & Tobacco	1.3
Retailing	0.9
Health Care Equipment & Services	0.3
Total investments	<u>91.0</u>
Liquidity fund	1.7
Net current assets	<u>7.3</u>
Total	<u><u>100.0</u></u>

(Source: Company (unaudited))

1 Based on total assets less current liabilities of £151.8 million.

Geographic analysis

The following table shows the composition, by geography, of the Company's Portfolio as at 18 September 2013 (being the latest practicable date prior to the publication of this document):

<i>Country</i>	<i>Portfolio percentage¹</i>
United States	46.7
France	7.9
India	5.6
Germany	5.2
Spain	4.8
United Kingdom	3.5
Russia	3.2
China	2.1
South Africa	2.0
Canada	2.0
Hong Kong	1.7
Sweden	1.2
Luxembourg	1.0
Italy	1.0
Mexico	0.8
Belgium	0.8
Australia	0.7
Taiwan	0.4
Singapore	0.4
Total investments	91.0
Liquidity fund	1.7
Net current assets	7.3
Total	100.0

(Source: Company (unaudited))

1 Based on total assets less current liabilities of £151.8 million.

Net Asset Value

As at 18 September 2013, being the latest practicable date prior to the publication of this Prospectus, the unaudited Net Asset Value of the Company was £151,763,000 and the unaudited Net Asset Value per Share was 101.18 pence.

Operating and financial review

The Company was incorporated on 7 May 2013. On 17 May 2013 it published a prospectus for a placing and offer for subscription. On 11 June 2013, the Company issued 136,000,000 Shares at the Issue Price of £1.00 per Share. Since that date a further 14,000,000 Shares (as at 18 September 2013, being the latest practicable date prior to publication of this Prospectus) have been issued.

The funds raised by the Company through such share issues, net of issue costs and expenses, have been invested in accordance with the Company's published investment policy. The thirty largest investments in the Company's portfolio and the sectoral and geographic breakdown of the portfolio are set out above.

The opening Net Asset Value of the Shares on 11 June 2013 was 98.21 pence per Share. As at 18 September 2013, being the latest practicable date prior to the publication of this Prospectus, this figure had increased to 101.18 pence per Share (unaudited). This increase is due to gains on investments contained in the Company's portfolio, foreign exchange movements and the issuance of Shares at a premium to the prevailing Net Asset Value per Share.

PART IV

THE PLACING PROGRAMME

Introduction

The Company intends to issue up to 150 million Shares pursuant to the Placing Programme. The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Placing Shares over a period of time. The Placing Programme is intended to satisfy partially market demand for the Shares and to raise further money for investment in accordance with the Company's investment policy.

Background to and reasons for the Placing Programme

The Company was launched on 11 June 2013, issuing 136,000,000 Shares. Since launch, the Shares have consistently traded at a premium to the Net Asset Value per Share, indicating that there is reasonable demand in the market for the Shares. In order to satisfy this demand, the Company has issued a further 14,000,000 Shares in the period from launch to 18 September 2013, being the latest practicable date prior to the publication of this Prospectus. These Shares were all issued at a premium to the Net Asset Value per Share prevailing at the time of their issue.

Despite these Share issues, the Shares have continued to trade at a premium to their Net Asset Value. On 18 September 2013, being the latest practicable date prior to publication of this Prospectus, the premium was 4.8 per cent. In light of the continuing demand for the Shares and having regard to the benefits of enlarging the Company, the Directors have determined to implement the Placing Programme. As with the Share issues to date, Placing Shares will be issued when the Directors consider that it is in the best interests of Shareholders to do so and to address continuing demand for the Shares. Placing Shares will only be issued at prices greater than the latest published Net Asset Value per Share and therefore are expected to increase the Net Asset Value per Share.

In determining to pursue the Placing Programme, the Directors have taken into account the desirability of limiting the premium to Net Asset Value at which the Shares trade in order to ensure that long term Shareholders who regularly acquire Shares are not disadvantaged by being required to acquire additional Shares at a high premium.

Placing Shares will be issued pursuant to the existing authority granted to the Directors, which will expire immediately prior to the annual general meeting of the Company to be held in 2014. Further details regarding the authority to allot on a non pre-emptive basis can be found in paragraph 2.8 of Part VIII of this Prospectus.

Benefits of the Placing Programme

The Directors believe that the issue of Shares pursuant to the Placing Programme should be beneficial in that it will:

- maintain the Company's ability to issue new Shares tactically, so as to better manage the premium to NAV per Share at which the Shares trade;
- potentially enhance the NAV per Share of existing Shares through new Share issuance at a premium to NAV per Share;
- grow the Company, thereby spreading operating costs over a larger capital base, which should reduce the total expense ratio; and
- improve liquidity in the market for the Shares.

The Placing Programme

The Placing Programme will open on 20 September 2013 and will close on 19 September 2014 (or any earlier date on which it is fully subscribed). The maximum number of Shares to be issued pursuant to the Placing Programme is 150 million. No Shares will be issued at a discount to the Net Asset Value per Share at the time of the relevant allotment and the Company will not issue any Placing Shares at a discount of 10 per cent. or more to the mid-market price of the Shares at the relevant time without Shareholder approval.

The allotment and issue of Placing Shares is at the discretion of the Directors. Issuances may take place at any time prior to the final closing date of 19 September 2014. An announcement of each issue will be released through an RIS, including details of the number of Placing Shares issued and the Placing Price. It is anticipated that, in the ordinary course, dealings in the Placing Shares will commence not more than four Business Days after their allotment. Whilst it is expected that all Placing Shares issued pursuant to the Placing Programme will be issued in uncertificated form, if any Placing Shares are issued in certificated form it is expected that share certificates will be despatched approximately ten Business Days after Admission of the relevant Shares. No temporary documents of title will be issued.

The minimum subscription pursuant to the Placing will be £50,000. There is no maximum subscription.

The Placing Programme is not being underwritten and, as at the date of this Prospectus, the actual number of Placing Shares to be issued under the Placing Programme is not known. The number of Placing Shares available under the Placing Programme should not be taken as an indication of the number of Placing Shares finally to be issued.

So far as the Directors are aware as at the date of this Prospectus, no major shareholders or members of the Company's management, supervisory or administrative bodies intend to make a commitment for Placing Shares under the Placing Programme. In the event that a related party (as defined in the Listing Rules) wished to make a commitment for Placing Shares under the Placing Programme, the Company would comply with its obligations under Chapter 11 of the Listing Rules including, if required, seeking Shareholder approval for the allotment and issue of Placing Shares to that related party.

Applications will be made to the UK Listing Authority for the Placing Shares to be admitted to the Official List, and to the London Stock Exchange for such shares to be admitted to trading on its main market for listed securities. All Placing Shares will be allotted conditionally on such Admission occurring. This Prospectus has been published in order to obtain Admission to the Official List of any Placing Shares issued pursuant to the Placing Programme.

The Shares issued pursuant to the Placing Programme will rank *pari passu* with the Shares then in issue (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the allotment of the relevant Placing Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue Placing Shares pursuant to the Placing Programme by reason of any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion.

Conditions

Each allotment of Placing Shares pursuant to the Placing Programme is conditional on:

- Shareholder authority for the disapplication of pre-emption rights in respect of the relevant allotment being in place;
- the Placing Price being not less than the Net Asset Value per Share, after issue expenses;
- Admission of the Placing Shares issued pursuant to such allotment; and
- the Placing Agreement not having been terminated in accordance with its terms or a particular Placing not being suspended in accordance with the terms of the Placing Agreement.

In circumstances in which these conditions are not fully met, the relevant issue of Placing Shares will not take place.

The Placing Price

The price at which each Placing Share will be issued will be calculated by reference to the estimated cum income Net Asset Value of each existing Share together with a premium intended to be at least sufficient to cover the costs and expenses of the Placing (including, without limitation, any placing commissions) and the initial investment of the amounts raised. The maximum Placing Price in respect of any allotment of new Shares will be equal to the best offer price per Share as quoted on the London Stock Exchange at the time that the proposed allotment is agreed.

The Directors will determine the Placing Price on the basis described above so as to avoid any dilution of the Net Asset Value of the existing Shares held by Shareholders.

Fractions of Shares will not be issued and the amount paid by placees will be calculated accordingly.

Where Placing Shares are issued, the total assets of the Company will increase by that number of Shares multiplied by the relevant Placing Price. It is not expected that there will be any material impact on the earnings and Net Asset Value per 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 Price will always represent a modest premium to the then prevailing cum income Net Asset Value per Share. By way of illustration, had the Placing Programme been subscribed for in full on 31 July 2013 (being the date at which the audited financial information in Part V has been produced) and had all the Placing Shares been issued at the then Net Asset Value per Share of 98.90 pence plus a premium exactly sufficient to cover the costs of the issue (i.e. the net proceeds per Share would be equal to the Net Asset Value per Share), the assets of the Company would have increased by approximately £148.4 million. By way of further illustration, if the Placing Programme had been subscribed for in full at the commencement of the period starting 7 May 2013, there would have been no impact on the liabilities of the Company and the transaction would have been expected to be earnings neutral for the reasons given above.

In the event that the Placing Programme is fully subscribed, an existing Shareholder holding Shares representing 1.00 per cent. of the Company's issued share capital would, following the completion of the Placing Programme, hold Shares representing approximately 0.5 per cent. of the Company's issued Share capital.

Proceeds of the Placing Programme

It is intended that the net proceeds of each Placing under the Placing Programme will be invested by the Investment Manager on behalf of the Company in accordance with the Company's investment objective and policy.

Costs of the Placing Programme

The Company's fixed expenses in connection with the Placing Programme are estimated to amount to £133,870. In addition, the Company will pay to Winterflood Securities a commission of 1.00 per cent. of the gross proceeds of each Placing. Assuming that the Placing Programme is fully subscribed and a Placing Price of 106.00 pence per Placing Share (being the mid-market price as at the latest practicable date prior to the publication of this Prospectus), the gross proceeds would be £159,000,000, the costs of the Placing Programme (comprising both fixed expenses and variable expenses including the commission payable to Winterflood Securities) would be £1,813,870 and the net proceeds of the Placing Programme would be £157,186,130.

Allocation

The Company reserves the right to decline in whole or in part any request for allotment of Shares pursuant to the Placing Programme. Accordingly, applicants for Shares may, in certain circumstances, not be allotted the number of Shares for which they have applied.

General

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, the Company or the Investment Manager (and their agents) may require evidence in connection with any application for Shares, including further identification of the applicant(s), before any 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 this Prospectus and prior to Admission of any Placing Shares, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

The Directors (in consultation with Winterflood Securities) may in their absolute discretion waive the minimum application amounts in respect of any particular application for Shares under the Placing Programme.

Clearing, settlement and dealings

Payment for the Placing Shares should be made through CREST or Winterflood Securities in accordance with settlement instructions to be provided to Placees by (or on behalf of) the Company or Winterflood Securities. In the case of those subscribers not using CREST, monies received by Winterflood Securities will be held in a segregated account pending settlement.

To the extent that any placing commitment is rejected in whole or in part, monies received will be returned without interest at the risk of the Placee.

Placing Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST from Admission.

Applications will be made to the UK Listing Authority and the London Stock Exchange for such Placing Shares to be admitted to the Official List with a premium listing and to trading on the Main Market, respectively. All allotments of Placing Shares will be conditional on Admission and no Placing Shares will be issued if not so admitted. No application is being made for the Placing Shares to be dealt with in or on any stock exchanges or investment exchanges other than the London Stock Exchange. Dealings in Placing Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned.

Transfer of Shares

The transfer of Placing Shares outside the CREST system following each issue of Placing Shares 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. If a Shareholder or transferee requests Shares to be issued in certificated form and is holding such 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 Shares. Shareholders holding definitive certificates may elect at a later date to hold such Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

Purchase and transfer restrictions

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to acquire or subscribe for, Shares 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, Winterflood Securities or the Investment Manager.

The Company has elected to impose the restrictions described below so that the Placing Programme will be regarded as an "offshore transaction" and so that the Company will accordingly not be required to register the offer and sale of the Shares under the U.S. Securities Act, so that the Company will not have an obligation to register as an investment company under the U.S. Investment Company Act and related

rules and in order to address certain ERISA, U.S. Tax Code and other considerations. These 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 Shares to trade such securities. Due to the restrictions described below, potential investors in the United States and U.S. Persons are advised to consult legal counsel prior to making or participating in any offer, resale, exercise, pledge or other transfer of the Shares. The Company and its agents will not be obligated to recognise any resale or other transfer of the Shares made other than in compliance with the restrictions described below.

Restrictions due to lack of registration under the U.S. Securities Act and U.S. Investment Company Act restrictions

The Shares are being offered and sold by the Company only outside the United States in “offshore transactions” to persons who are not U.S. Persons in accordance with and in reliance on the exemption from registration provided by Regulation S under the U.S. Securities Act.

Moreover, the Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act. The Shares and any beneficial interests therein may only be transferred in an offshore transaction in accordance with Regulation S: (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof.

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the 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, any U.S. Person (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There will be no public offer of the Shares in the United States, and this document should not be distributed or forwarded into the United States or to U.S. Persons.

Investor representations and transfer restrictions on Shares

Each purchaser, subscriber or other acquirer of Placing Shares in the Placing Programme, as of the date it subscribes for or otherwise receives such Shares, and each subsequent investor in the Shares will be deemed to have represented, warranted, acknowledged and agreed as follows:

- (a) it is not a U.S. Person as defined in Regulation S, is not located within the United States and is not acquiring the Shares for the account or benefit of any U.S. Person;
- (b) it is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S;
- (c) it acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be transferred in an offshore transaction in accordance with Regulation S: (i) to a person outside the United States and not known by the transferor to be a U.S. Person, by prearrangement or otherwise; or (ii) to the Company or a subsidiary thereof;
- (d) it acknowledges that the Company has not registered and shall not register under the U.S. 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 U.S. Investment Company Act;
- (e) no portion of the assets used to purchase, and no portion of the assets used to hold, the 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 U.S. Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax 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 U.S. Tax Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state,

local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Tax Code, its purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;

- (f) that if any 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:

JPMORGAN GLOBAL CONVERTIBLES INCOME FUND LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “U.S. 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 “U.S. 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, U.S. 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 U.S. INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS;

- (g) if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which will not require the Company to register under the U.S. 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;
- (h) it is purchasing the 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 Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable U.S. securities laws;
- (i) it acknowledges that the Company reserves the right to make inquiries of any Shareholder or interests therein at any time as to such person’s status under the U.S. 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 U.S. securities laws to transfer such Shares or interests in accordance with the Articles;
- (j) acknowledges that the Company may receive a list of participants holding positions in its securities from one or more book entry depositories;
- (k) it is entitled to acquire the 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 Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Manager or Winterflood Securities, 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;
- (l) it has received, carefully read and understands this Prospectus or other relevant public disclosure of the Company, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other presentation or offering materials concerning the Shares to within the United States or to any U.S. Persons, nor will it do any of the foregoing;

- (m) if it is acquiring any Shares as a fiduciary or agent for one or more accounts, the investor 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; and
- (n) the Company, the Investment Manager, Winterflood Securities and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor will immediately notify the Company.

PART V

FINANCIAL INFORMATION RELATING TO THE COMPANY

The Directors
JPMorgan Global Convertibles Income Fund Limited
1st Floor
Les Echelons Court
Les Echelons
South Esplanade
St. Peter Port
Guernsey
GY1 1AR

20 September 2013

Dear Sirs

JPMorgan Global Convertibles Income Fund Limited (“the Company”)

We report on the financial information which comprises the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Cash Flow Statement and the related notes 1 to 22 of the accounts, for the period from 7 May 2013 to 31 July 2013. This financial information has been prepared for inclusion in the prospectus dated 20 September 2013 of the Company on the basis of the accounting policies set out in note 3 to the accounts. This report is required by item 20.1 of Annex I of Commission Regulation (EC) 809/2004 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to Commission Regulation (EC) 809/2004 Commission Regulation (EC) 809/2004, consenting to its inclusion in the prospectus.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the prospectus dated 20 September 2013, a true and fair view of the state of affairs and net assets of the Company as at the date stated and of its profits, cash flows and changes in equity for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with item 1.2 of Annex I of Commission Regulation (EC) 809/2004.

Yours faithfully

Ernst & Young LLP

Statement of Comprehensive Income

for the period from incorporation on 7 May 2013 to 31 July 2013

		2013		
	<i>Notes</i>	<i>Revenue return £'000</i>	<i>Capital return £'000</i>	<i>Total return £'000</i>
Gains from investments held at fair value through profit or loss	4	—	3,523	3,523
Foreign currency losses		—	(2,335)	(2,335)
Unrealised loss on derivative contracts held at fair value through profit or loss		—	(593)	(593)
Income from investments	5	517	—	517
Other interest receivable and similar income	5	21	—	21
Total income		538	595	1,133
Management fee	6	(141)	—	(141)
Other administrative expenses	7	(75)	—	(75)
Profit before taxation		322	595	917
Taxation	8	(61)	—	(61)
Net profit	9	261	595	856
Earnings per Ordinary Share		0.19p	0.43p	0.62p

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The 'Total' column of this statement is the Statement of Comprehensive Income of the Company, prepared in accordance with IFRS as adopted by the EU. The 'Revenue' and 'Capital' columns represent supplementary information prepared under the guidance issued by the Association of Investment Companies and Venture Capital Trusts.

Statement of Changes in Equity

for the period from incorporation on 7 May 2013 to 31 July 2013

	<i>Share capital £'000</i>	<i>Capital reserve £'000</i>	<i>Revenue reserve £'000</i>	<i>Total £'000</i>
At 7th May 2013	—	—	—	—
Issue of Ordinary Shares following placing and offer for subscription	136,000	—	—	136,000
Expenses of placing and offer for subscription	(2,416)	—	—	(2,416)
Issue of Ordinary Shares Additional share issue expenses	4,092 (41)	—	—	4,092 (41)
Profit for the period	—	595	261	856
At 31 July 2013	<u>137,635</u>	<u>595</u>	<u>261</u>	<u>138,491</u>

Statement of Financial Position

as at 31 July 2013

	<i>Notes</i>	<i>2013</i> <i>£'000</i>
Non current assets		
Investments held at fair value through profit or loss	10	137,775
Current assets		
Derivative financial assets	11	45
Trade and other receivables	12	4,098
Cash and cash equivalents		11,054
		<u>15,197</u>
Current liabilities		
Trade and other payables	13	(13,843)
Derivative financial liabilities	14	(638)
		<u>716</u>
Net current assets		<u>716</u>
Total assets less current liabilities		<u>138,491</u>
Net assets		<u>138,491</u>
Amounts attributable to equity holders		
Share capital	15, 16	137,635
Capital reserves	16	595
Revenue reserve	16	261
		<u>138,491</u>
Total equity shareholders' funds		<u>138,491</u>
Net asset value per Ordinary Share	17	98.9p

Cash Flow Statement

for the period from incorporation on 7 May 2013 to 31 July 2013

	<i>2013</i> <i>£'000</i>
Operating activities	
Profit before taxation	917
Gains on investments held at fair value through profit or loss	(3,523)
Unrealised losses on derivative contracts held at fair value through profit or loss	593
Purchases of investments held at fair value through profit or loss	(125,416)
Sales of investments held at fair value through profit or loss	3,656
Increase in trade and other receivables	(2,889)
Increase in trade and other payables	63
Taxation	(61)
Net cash outflow from operating activities	<u>(126,660)</u>
Financing activities	
Proceeds from the issue of Ordinary Shares following placing and offer for subscription	136,000
Expenses paid in respect of Ordinary Shares issued	(2,378)
Proceeds from the issue of Ordinary Shares	4,092
Net cash inflow from financing activities	<u>137,714</u>
Increase in cash and cash equivalents	11,054
Cash and cash equivalents at the start of the period	—
Cash and cash equivalents at the end of the period	<u>11,054</u>

Notes to the Accounts

for the period from the date of incorporation on 7 May 2013 to 31 July 2013.

1. Principal Activity

The Company is a closed-end investment company incorporated in Guernsey and operates under the Companies Law. The principal activity of the Company is investment in a globally diversified portfolio of convertible securities and other suitable instruments exhibiting convertible or exchangeable characteristics set out in the Company's Investment Objective and Policy.

2. Accounting period

The financial statements cover the period from the date of the incorporation of the Company on 7 May 2013 to 31 July 2013. Dealings in the Company's Shares began on 11 June 2013 and the Company began investing on that date.

3. Accounting policies

(a) Basis of accounting

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'), the International Accounting Standards and Standing Interpretations Committee and interpretations approved by the International Accounting Standards Committee ('IASC') that remain in effect and to the extent that they have been adopted by the EU.

The accounts have been prepared on the going concern basis.

The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (the 'SORP') issued by the Association of Investment Companies in January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The Company's share capital is denominated in Sterling and this is the currency in which its Shareholders operate and expenses are generally paid. The Directors have therefore determined the functional and presentational currency of the Company to be Sterling.

(b) Accounting standards

Standards, amendments and interpretations to existing standards that become effective in future accounting periods and have not been adopted early by the Company.

At the date of authorising these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU).

- IFRS 9: Financial Instruments (effective for accounting periods starting on or after 1 January 2015).
- IAS 32 Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective 1 January 2014).
- Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015).
- Amendments to IFRS 10, IFRS 12 and IAS 27 (October 2012) – Investment Entities (effective for accounting periods starting on or after 1 January 2014).

The Directors have not yet evaluated the effect of the adoption of above standards and interpretations (or any other standards and interpretations which are in issue but not effective).

(c) ***Presentation of the Statement of Comprehensive Income***

In order to better reflect the activities of the Company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue nature and a capital nature has been presented alongside the Statement of Comprehensive Income.

(d) ***Investments held at fair value through profit or loss***

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment strategy and information is provided internally on that basis to the Company's Board of Directors. Accordingly, upon initial recognition the investments are designated by the Company as 'held at fair value through profit or loss'. They are included initially at fair value which is taken to be their cost, excluding expenses incidental to purchase which are written off to capital at the time of acquisition and any accrued interest arising at the time of purchase. Subsequently the investments are valued at fair value, which are quoted bid prices for investments traded in active markets. For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

All purchases and sales are accounted for on a trade date basis.

(e) ***Accounting for reserves***

Gains and losses on sales of investments including the related foreign exchange gains and losses, realised gains and losses on foreign currency, management fee and finance costs allocated to capital and any other capital charges, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Gains on sales of investments'. Increases and decreases in the valuation of investments held at the period end including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and dealt with in capital reserves within 'Investment holding gains'.

(f) ***Income***

All income is recognised in the Statement of Comprehensive Income. Interest income arising from convertible income securities and cash is recognised using the effective interest method. Dividend income arises from equity investments held and is recognised on the date investments are marked 'ex-dividend'. Deposit interest is taken into account on an accruals basis.

(g) ***Expenses***

All expenses are accounted for on an accruals basis and are recognised in the Statement of Comprehensive Income. Management fees, finance costs and all other expenses are charged to revenue. Expenses in relation to the issue of share capital by the Company are capitalised and offset against the share capital arising upon the issue of new shares.

(h) ***Financial instruments***

(i) ***Recognition of Financial Assets and Financial Liabilities***

The Company recognises financial assets and financial liabilities when the Company becomes a party to the contractual provisions of the instrument. The Company will offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

(ii) ***Derecognition of Financial Assets***

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in the transferred financial asset that is created or retained by the Company is recognised as an asset.

- (iii) *Derecognition of Financial Liabilities*
The Company derecognises financial liabilities when its obligations are discharged, cancelled or expired.
- (iv) *Trade Date Accounting*
Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the assets.
- (i) ***Taxation***
Overseas interest and dividends are shown gross of withholding tax and the corresponding irrecoverable tax is shown as a charge in the Statement of Comprehensive Income.
- (j) ***Foreign currency***
Transactions in foreign currency, whether of a revenue or capital nature, are translated to sterling at the rate of exchange ruling on the date of such transactions. Foreign currency assets and liabilities are translated to sterling at the rates of exchange ruling at the balance sheet date. All gains and losses, whether realised or unrealised, are recognised in the Statement of Comprehensive Income and are taken to capital reserve or revenue reserve, depending on whether the gain or loss is capital or revenue in nature.
- (k) ***Hedging and Derivatives***
Forward currency contracts entered into for hedging purposes are valued at the appropriate forward exchange rate ruling at the balance sheet date.

Futures contracts entered into for hedging purposes and any profits and losses on the closure or revaluation of positions are recognised in the Statement of Comprehensive Income and taken to capital reserves.

Derivative instruments are classified as held at fair value through profit or loss and are valued at fair value in the balance sheet.
- (l) ***Key estimates and assumptions***
The preparation of the financial statements requires the Company to make estimations where uncertainty exists. It also requires the Company to exercise judgement in the process of applying the accounting policies. The critical accounting estimates and areas involving a higher degree of judgement or complexity comprise the fair value of derivatives and other financial instruments. The Directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted on an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using valuation techniques based on assumptions supported, where possible, by observable market prices or other data.

For investments which are not traded in active markets, unlisted and restricted investments, the Board takes into account the latest traded prices, other observable market data and asset values based on the latest management accounts.

There are no estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities.

4 Gains from investments held at fair value through profit or loss

	<i>2013</i> <i>£'000</i>
Gains on sales of investments held at fair value through profit or loss	500
Net movement in investment holding gains and losses	2,898
Unrealised gain as a result of the effective yield adjustment on bonds	125
Total gains on investments held at fair value through profit or loss	<u><u>3,523</u></u>

5 Income

	<i>2013</i> <i>£'000</i>
Income from investments:	
Overseas bond interest	356
Overseas dividends	146
UK bond interest	15
	<u>517</u>
Other income:	
Interest on short term deposits	21
	<u>21</u>
Total income	<u><u>538</u></u>

6 Management fee

	<i>Revenue</i> <i>£'000</i>	<i>2013</i> <i>Capital</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Management fee	<u>141</u>	<u>—</u>	<u>141</u>

Under the terms of the Investment Management Agreement, the Investment Manager will receive from the Company a fee, payable monthly in arrear, equivalent to 0.75 per cent. per annum of the value Company's net assets, as set out in further detail in paragraph 5.1 of Part VIII of this Prospectus.

7 Other administrative expenses

	<i>2013</i> <i>£'000</i>
Other administration expenses	60
Directors' fees	15
	<u>75</u>

Fees amounting to £20,000 including VAT were payable to the auditors for services in connection with the incorporation and initial public offering of the Company and this amount is included in share issue costs.

8 Taxation

	<i>Revenue</i> <i>£'000</i>	<i>2013</i> <i>Capital</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Overseas withholding tax	<u>61</u>	<u>—</u>	<u>61</u>
Current tax charge for the period	<u>61</u>	<u>—</u>	<u>61</u>

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989. As such the Company is only liable to pay a fixed annual fee, currently £600.

9 Earnings per Ordinary Share

The revenue return per Ordinary Share is based on the earnings attributable to the Ordinary Shares of £261,000 and on the weighted average number of Shares in issue during the period of 137,725,490.

The capital return per Ordinary Share is based on the earnings attributable to the Ordinary Shares of £595,000 and on the weighted average number of Shares in issue during the period of 137,725,490.

The total return per Ordinary Share is based on the earnings attributable to the Ordinary Shares of £856,000 and on the weighted average number of Shares in issue during the period of 137,725,490.

10 Investments

	<i>£'000</i>
Investments listed on a recognised investment exchange or traded on a regulated market	137,775
	<i>2013</i>
	<i>£'000</i>
Opening valuation	—
Movements in the period	—
Purchases at cost	139,242
Sales – proceeds	(4,865)
Sales – realised gains on investments	500
Net movement in investment holding gains and losses	2,898
Closing valuation	137,775
Closing book cost	134,877
Closing investment holding gains	2,898
Closing valuation	137,775

Transaction costs on purchases during the period amounted to £3,000 and on sales during the period amounted to £nil.

These costs comprise mainly broker commission.

11 Derivative financial assets

	<i>2013</i>
	<i>£'000</i>
Forward foreign currency contracts	38
Currency futures contracts at the spot rate	7
	45

12 Trade and other receivables

	<i>2013</i>
	<i>£'000</i>
Bond interest receivable	2,832
Securities sold for future settlement	1,209
Dividends receivable	57
	4,098

The Directors consider that the carrying amount of the receivables above approximates their fair value.

13 Trade and other payables

	2013 £'000
Securities purchased for future settlement	13,701
Accrued share issue expenses	79
Other creditors and accruals	63
	<u>13,843</u>

The Directors consider that the carrying amount of the payables falling due within one year approximates their fair value.

14 Derivative financial liabilities

	2013 £'000
Forward foreign currency contracts	637
Currency futures contracts at the spot rate	1
	<u>638</u>

15 Called up Share capital

	2013 £'000
Ordinary Shares of 1p each	
Allotted and fully paid:	
Opening balance	—
Issue of 136,000,000 Ordinary Shares following the placing and offer for subscription	1,360
Issue of an additional 4,000,000 Ordinary Shares	40
Closing balance of 140,000,000 Ordinary Shares of 1p each	<u>1,400</u>

On 11 June 2013, 136,000,000 Ordinary Shares were issued following a placing and offer for subscription, for net proceeds of £133,584,000. A further 4,000,000 Ordinary Shares were issued during the period, to satisfy market demand, for net proceeds of £4,051,000.

16 Reserves

	<i>Capital reserves</i>					
	<i>Share capital</i>	<i>Gains on sales of investments</i>	<i>Investment holding gains</i>	<i>Unrealised reserve</i>	<i>Revenue reserve</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance at incorporation	—	—	—	—	—	—
Foreign currency losses on cash and short term deposits	—	(2,335)	—	—	—	(2,335)
Unrealised losses on foreign currency contracts	—	—	—	(593)	—	(593)
Unrealised gains in relation to effective interest rate on bonds	—	—	125	—	—	125
Realised gains on investments	—	500	—	—	—	500
Unrealised gains on investments	—	—	2,898	—	—	2,898
Issue of Ordinary Shares following placing and offer for subscription	136,000	—	—	—	—	136,000
Expenses of placing and offer for subscription	(2,416)	—	—	—	—	(2,416)
Issue of Ordinary Shares	4,092	—	—	—	—	4,092
Additional Share issue expenses	(41)	—	—	—	—	(41)
Net profit for the period	—	—	—	—	261	261
Closing balance	<u>137,635</u>	<u>(1,835)</u>	<u>3,023</u>	<u>(593)</u>	<u>261</u>	<u>138,491</u>

17 Net asset value per Share

Net asset value per Share is calculated by dividing the funds attributable to Shareholders by the number of Ordinary Shares in issue at 31 July 2013 of 140,000,000.

18 Capital commitments and contingent liabilities

At the balance sheet date there were no capital commitments or contingent liabilities.

19 Transactions with the Investment Manager

The management fee payable to the Investment Manager for the period was £141,000 of which £7,000 was outstanding at the period end.

Included in other administration expenses in note 7 are safe custody fees amounting to £15,000 payable to JPMorgan Chase Bank, NA and the whole of this amount was outstanding at the period end.

At the period end, a bank balance of £254,000 was held with JPMorgan Chase Bank, NA. A net amount of interest of £nil was receivable by the Company during the period from JPMorgan Chase Bank, NA of which £nil was outstanding at the period end.

20 Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of IFRS 13 that are held at fair value comprise their investment portfolios and derivatives.

These assets are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The following table sets out the fair value measurements using the IFRS 13 hierarchy at 31 July 2013.

	<i>Level 1</i> £'000	<i>Level 2</i> £'000	<i>Level 3</i> £'000	<i>Total</i> £'000
Financial assets held at fair value through profit or loss				
Fixed interest investments	24,208	113,567	—	137,775
Derivative financial assets	—	45	—	45
Derivative financial liabilities	—	(638)	—	(638)
Total	<u>24,208</u>	<u>112,974</u>	<u>—</u>	<u>137,182</u>

All listed convertible bonds and equities held within Level 1 are valued in accordance with the quoted bid price for the asset. All convertible bonds held within Level 2 are valued in accordance with active broker quotes received or pricing received from other similar sources. All OTC derivative contracts held within Level 2 are valued using observable inputs such as the relevant forward foreign currency curves as at the valuation date.

21 Financial instruments' exposure to risk and risk management policies

Foreign currency exposure

The fair values of the Company's monetary items that have foreign currency exposure at 31 July 2013 are shown below.

Where the Company's convertible bonds investments (which are not monetary items) are priced in a foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

	<i>Euro</i> £'000	<i>US</i> <i>Dollar</i> £'000	<i>2013</i> <i>Canadian</i> <i>Dollar</i> £'000	<i>Hong Kong</i> <i>Dollar</i> £'000	<i>Total</i> £'000
Investments at fair value through profit or loss that are monetary items	—	—	—	—	—
Net current assets	3,678	4,907	1,798	22	10,405
Derivative financial liabilities: forward foreign currency contracts	(34,008)	(94,065)	(1,546)	(1,341)	(130,960)
Payables	<u>(4,706)</u>	<u>(7,197)</u>	<u>(1,797)</u>	<u>—</u>	<u>(13,700)</u>
Foreign currency exposure on net monetary items	(35,036)	(96,355)	(1,545)	(1,319)	(134,255)
Investments at fair value through profit or loss that are equities and convertible bonds	<u>35,763</u>	<u>96,689</u>	<u>1,758</u>	<u>1,401</u>	<u>135,611</u>
Total net foreign currency exposure	<u>727</u>	<u>334</u>	<u>213</u>	<u>82</u>	<u>1,356</u>

In the opinion of the Directors, the above period end amounts are broadly representative of the exposure to foreign currency risk during the period.

Foreign currency sensitivity

The Company uses derivative contracts to hedge the exposure of the investment portfolio to movements in foreign exchange rates. As a result, the net exposure of the Company to movements in foreign exchange rates is considered to be limited and there is not considered to be any material impact of movements in foreign exchange rates on either net assets or net profit.

Interest rate exposure

The exposure of financial assets and liabilities to floating interest rates using the period end figures, giving cash flow interest rate risk when rates are re-set, is shown below.

	<i>2013</i> £'000
Amounts exposed to floating interest rates:	
Cash at bank and in hand	<u>254</u>
Total exposure	<u>254</u>
	<i>2013</i> £'000
Maximum interest rate exposure to floating rates – net cash balances	133,793
Minimum interest rate exposure to floating rates – net cash balances	254

Interest rate sensitivity

The following table illustrates the sensitivity of return after taxation for the period and net assets to a 1 per cent. increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date, with all other variables held constant.

The exposure of the Company's assets and liabilities to fair value interest rate risk is shown as part of the 'Other price' risk analysis below.

	2013	
	1% Increase in rate £'000	1% Decrease in rate £'000
Income statement – return after taxation:		
Revenue return increase/(decrease)	3	(3)
Capital return	—	—
Total increase/(decrease) in return after taxation for the period	<u>3</u>	<u>(3)</u>
Net assets increase/(decrease)	<u>3</u>	<u>(3)</u>

In the opinion of the Directors, the above sensitivity analysis is not representative of the period due to the fluctuation in the level of cash balances throughout the period.

Other price risk

Other price risk exposure

The Company's total exposure to changes in market prices at 31 July 2013 comprises its holdings in fixed interest and equity investments as follows:

	2013 £'000
Fixed interest investments held at fair value through profit or loss	<u>137,775</u>

The above data is broadly representative of the exposure to other price risk during the period.

Other price risk sensitivity

The following table illustrates the sensitivity of the return after taxation for the period and net assets to an increase or decrease of 10 per cent. in the fair value of the Company's fixed interest and equity investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's equities and fixed interest investments and adjusting for change in the management fee, but with all other variables held constant.

	2013	
	10% Increase in fair value £'000	10% Decrease in fair value £'000
Income statement – revenue after taxation:		
Revenue return	(103)	103
Capital return	<u>13,778</u>	<u>(13,778)</u>
Total revenue after taxation	<u>13,675</u>	<u>(13,675)</u>
Net assets	<u>13,675</u>	<u>(13,675)</u>

Liquidity risk

Liquidity risk exposure

Contractual maturities of the financial liabilities at the period end, based on the earliest date on which payment can be required are as follows:

	2013			
	<i>Three months or less</i>	<i>Not more than one year</i>	<i>More than one year</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Creditors				
Amounts falling due within one year				
Securities purchased awaiting settlement	13,701	—	—	13,701
Other creditors and accruals	142	—	—	142
Derivative financial instruments	638	—	—	638
	<u>14,481</u>	<u>—</u>	<u>—</u>	<u>14,481</u>

22 Capital management policies and procedures

The Company's capital comprises the following:

	<i>£'000</i>
Equity:	
Equity share capital	1,400
Reserves	<u>137,091</u>
Total capital	<u>138,491</u>

The Company may employ gearing up to a maximum of 20 per cent. of Net Asset Value at the time of borrowing. Gearing for this purpose is defined as the excess amount above Shareholders' funds of net assets less cash and cash equivalents, expressed as a percentage of net assets. If the amount calculated is negative, this is shown as a 'net cash' position. At 31 July 2013, the net cash position calculated on this basis was 8.0 per cent.

	<i>2013</i>
	<i>£'000</i>
Investments at fair value	137,775
Current assets excluding cash and short term deposits	4,143
Current liabilities	<u>(14,481)</u>
Total assets	<u>127,437</u>
Net assets	<u>138,491</u>
Gearing/(net cash)	(8.0)%

The Board, with the assistance of the Investment Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This includes a review of:

- the planned level of gearing, which takes into account the Investment Manager's views on the market;
- the need to buy back equity shares, either for cancellation or to hold in treasury, which takes into account the share price relative to net asset value;
- the need for issues of new shares, including issues from treasury; and
- the extent to which revenue in excess of that which is required to be distributed should be retained.

PART VI

DIRECTORS, MANAGEMENT AND ADMINISTRATION

Directors

The Directors are responsible for managing the business affairs of the Company in accordance with the Articles and have overall responsibility for the Company's activities, including the review of investment activity and performance and the overall control and supervision of the Investment Manager. The Directors may delegate certain functions to other parties, such as the Investment Manager, the Administrator and the Registrar. In particular, the Directors have delegated responsibility for managing the assets comprised in the Portfolio to the Investment Manager who is not required to, and generally will not, submit individual investment decisions for the approval of the Board.

The Board comprises four directors, all of whom are independent of the Investment Manager. Details of each of the Directors are set out below.

The address of the Directors, all of whom are non-executive, is the registered office of the Company. The Directors of the Company are as follows:

Directors' biographies

Simon Miller (Chairman and chair of the Remuneration and Nomination Committee and Management Engagement Committee), aged 60

Simon Miller is chairman of Dunedin LLP. Mr Miller is also chairman of Brewin Dolphin plc, Artemis Alpha Trust plc, Blackrock North America Income Trust plc and a non-executive director of Scottish Friendly Assurance Limited. He was previously chairman of JPMorgan Elect plc. Mr Miller is resident in the United Kingdom.

Philip Taylor FCA (Chair of the Audit Committee), aged 62

Philip Taylor is Chairman of Hawksford Holdings Limited, The States of Jersey Treasury Advisory Panel and The Jersey International Business School Limited, Non-Executive Director of Royal Bank of Scotland International Limited and City Merchants High Yield Trust Limited, a Member of the Audit Committee of the States of Jersey and a Member of the Conduct Committee of the Financial Reporting Council. Formerly, he was a Partner of PricewaterhouseCoopers' United Kingdom and Channel Islands firms and Senior Partner of PricewaterhouseCoopers Channel Islands from 1998 to 2007. Mr Taylor is resident in Jersey.

Paul Meader, aged 47

Paul Meader is an independent director of a number of investment management companies and investment funds including BlueCrest AllBlue Fund Ltd and ICG-Longbow Senior Secured UK Property Debt Investments Limited. He was, until recently, Head of Portfolio Management for Collins Stewart based in Guernsey, having previously held the role of Chief Executive of Corazon Capital Group which was acquired by Collins Stewart in 2010. Mr Meader has 26 years' experience in financial markets in London, Dublin and Guernsey following senior positions in portfolio management and trading, with particular expertise in fixed income investments. Prior to joining Corazon he was Managing Director of Rothschild's Swiss private-banking subsidiary in Guernsey. Mr Meader is a Chartered Fellow of the Chartered Institute of Securities & Investments and is past Chairman of the Guernsey International Business Association, of the International Bankers' Association and of the Guernsey Investment Managers' & Stockbrokers' Association. Mr Meader is resident in Guernsey.

Charlotte Valeur Adu, aged 49

Charlotte Valeur Adu is the Managing Director of GFG Ltd, which she founded in 2011. Prior to GFG, Ms Valeur Adu was the Managing Partner of Brook Street Partners Ltd from 2003. Ms Valeur Adu is the Chairman of the Board of Brevan Howard Credit Catalysts Limited and also serves on boards and committees of a number of listed and unlisted fund management and investment companies. Ms Valeur Adu has in excess of 30 years' experience in the financial markets. Prior to Brook Street

Partners, Ms Valeur Adu was a Director in Capital Markets at S.G. Warburg and Co, BNP Paribas, Societe Generale and Commerzbank. Ms Valeur Adu began her career in Copenhagen in 1982 with Nordea A/S. In 1991 she moved to the London office of Nordea A/S as Head of the UK Fixed Income sales group. Ms Valeur Adu is a member of The Institute of Directors and is regulated by the Jersey Financial Services Commission in the conduct of Trust Company business. Ms Valeur Adu is resident in Jersey.

Investment Manager

The Investment Manager of the Company is J.P. Morgan Asset Management (UK) Limited, a company incorporated in England and Wales, with registered number 1161446. The Investment Manager was appointed pursuant to the Investment Management Agreement. In light of the entry into force and implementation of the AIFM Directive, the Company and the Investment Manager have agreed that an affiliate of the Investment Manager may in future replace J.P. Morgan Asset Management (UK) Limited as investment manager of the Company.

J.P. Morgan Asset Management (of which the Investment Manager is the UK regulated entity), is the investment management business of J.P. Morgan Chase & Co., and is one of the largest active asset managers in the world, providing a complete range of investment solutions for every type of investor. J.P. Morgan Asset Management has investment teams networked across more than 30 countries, connected by investment hubs in London, New York, Tokyo, Columbus and Hong Kong. J.P. Morgan Chase & Co provides investment management products and services to institutional and individual investors worldwide and as at 30 June 2013 had total assets under supervision of approximately US\$2.2 trillion.

As at 10 September 2013, the Investment Manager had approximately US\$5.3 billion of assets under management in dedicated convertibles vehicles, diversified across five broad strategies, each with a different management focus but consistent approach. The Investment Manager has a seventeen-year track record managing convertible bond fund products and global coverage and insight on convertibles achieved through extensive resources and local market experts globally. In addition, J.P. Morgan Asset Management is a market leader in the management of closed-ended funds, managing £8.3 billion across 23 closed-ended fund products as at 31 July 2013.

The Investment Manager is regulated by the Financial Conduct Authority and, as such, is subject to its rules in the conduct of its investment business.

Details of the fees and expenses payable to the Investment Manager pursuant to the Investment Management Agreement are set out in paragraph 5.1 of Part VIII of this Prospectus.

Investment team

Global convertibles portfolios are managed by the Investment Manager's global convertible securities team which sits within the Investment Manager's Global Multi Asset Group ("GMAG"), a dedicated team of experienced strategists, economists, analysts and portfolio managers.

The team is supported by a wider investment team of approximately 300 investment professionals with experience in credit analysis, research and due diligence, investment analysis and trading.

Antony Vallee is responsible for the management of the Company. He is Head of Convertibles and a portfolio manager in GMAG, with primary responsibility for convertible securities portfolios. Antony has been an employee of J.P. Morgan since 2006, prior to which he was Head of Convertible Arbitrage and Equity-Linked Strategies at SYSTEIA Capital Management where he was responsible for investment strategy including gamma trading, convertible arbitrage, credit arbitrage and directional investments. Antony previously worked as a fixed income and convertible securities asset manager at HSBC Asset Management. Antony holds an MSc in Financial Engineering from the HEC School of Management at the University of Montreal, and graduate and post-graduate degrees in Applied Mathematics and Economics from Lyon University. Antony is a CFA Charterholder.

Administrator

JPM Administration Services (CI) Limited is Administrator of the Company. The Administrator is responsible for the day to day administration of the Company (including but not limited to the calculation and publication of the daily Net Asset Value). For the purposes of the RCIS Rules 2008, the Administrator is the designated manager of the Company. Further details of the Administration Agreement are set out in paragraph 5.2 of Part VIII of this Prospectus.

Investors should note that it is not possible for the Administrator to provide any investment advice to investors.

Custodian

JPMorgan Chase Bank, NA, Worldwide Securities Services, is the Custodian of the Company and in this capacity acts as principal custodian of the Company's investments, cash and other assets and accepts responsibility for the safe custody of the property of the Company which is delivered to and accepted by it or any of its sub-custodians as and when such custody services may be required. The Custodian has agreed to hold the investments of the Company on a segregated basis from its own assets and, accordingly, the Company's assets should not be available to the creditors of the Custodian in the event of its insolvency. Further details of the Custody Agreement are set out in paragraph 5.3 of Part VIII of this Prospectus.

Pursuant to the AIFM Directive and the current drafts of associated third country provisions, it is likely that the Company will enter into a depositary agreement in accordance with the AIFM Directive, prior to the end of any transitional arrangements under the AIFM Directive on 22 July 2014.

Principal Banker

JPMorgan Chase Bank, NA is the Principal Banker of the Company.

Auditor

Ernst & Young LLP will provide audit services to the Company. The annual report and accounts will be prepared according to accounting standards laid out under IFRS.

Registrar

Capita Registrars (Guernsey) Limited is Registrar of the Company. Details of the Registrar Agreement are set out in paragraph 5.6 of Part VIII of this Prospectus.

Fees and expenses

Ongoing Annual Expenses

Management Fee

The Investment Manager is entitled to receive from the Company a management fee, calculated and payable monthly in arrear at a rate equivalent to 0.75 per cent. of NAV (before deduction of the management fee) per annum. The company secretarial costs of the Company are included in the Management Fee. No performance fees are payable to the Investment Manager.

The Investment Management Agreement is terminable on six months' notice, such notice not to be given prior to the second anniversary of Admission.

The Investment Manager may at its discretion enter into arrangements with certain investors pursuant to which it will rebate to such investors a proportion of its management fee received from the Company.

Further details of the terms of the Investment Management Agreement are set out in paragraph 5.1 of Part VIII of this Prospectus.

Other fees and expenses

The Company will also incur ongoing annual fees and expenses other than the Management Fee. Based on the Company having a Net Asset Value of £150 million, these ongoing annual fees and expenses are currently estimated to be approximately 0.3 per cent. of Net Asset Value per annum.

These expenses will include the following:

- (i) Administrator
Under the terms of the Administration Agreement, the Administrator is entitled to various fees, which are currently approximately £55,000 in aggregate per annum.
- (ii) Custodian
Under the terms of the Custody Agreement, the Custodian is entitled to a custody fee. It is currently expected that this fee will be no more than £40,000 per annum.
- (iii) Registrar
Under the Registrar Agreement, the Registrar is entitled to receive a minimum agreed fee of £7,999 per annum in respect of basic registration.
- (iv) Directors
The Directors will be remunerated for their services at an initial fee of £25,000 per annum (£32,000 for the Chairman and £27,500 for the chairman of the Audit Committee). Further information in relation to the remuneration of the Directors is set out in Part VIII of this Prospectus.
- (v) Other operational expenses
All other ongoing operational expenses of the Company (excluding fees paid to service providers as detailed above) will be borne by the Company including, without limitation, 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 Main Market fees. Out of pocket expenses of the Investment Manager, the Administrator, the Registrar, the CREST agent and the Directors relating to the Company will be borne by the Company.

Taxation

Information concerning the tax status of the Company and the tax treatment of Shareholders is contained in Part VII of this Prospectus. A potential investor should seek advice from his or her own independent professional adviser as to the taxation consequences of acquiring, holding or disposing of Shares.

Suspension of the calculation of Net Asset Value

The Directors may at any time, but are not obliged to, temporarily suspend the calculation of the NAV and NAV per Share during:

- (a) any period when any of the principal markets or securities exchanges on which a substantial part of the Company's investments are traded are closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended; or
- (b) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial part of the investments of the Company is not reasonably practicable without this being seriously detrimental to the interests of the Shareholders or if in the opinion of the Directors the NAV and/or NAV per Share cannot be fairly calculated; or
- (c) any breakdown in the means of communication normally employed in determining the value of the Company's investments or when for any reason the current prices on any market of a substantial part of the Company's investments cannot be promptly and accurately ascertained.

In the event that the calculation of the NAV of the Shares is suspended as described above, trading in the Shares on the Main Market and the listing of the Shares on the Official List may also be suspended.

Meetings and reports to Shareholders

All general meetings of the Company shall be held in Guernsey. The Company expects to hold its first annual general meeting in 2014.

The Company's audited annual report and accounts will be prepared to 30 June each year, commencing in 2014, and it is expected that copies will be sent to Shareholders by November each year, or earlier if possible. Shareholders will also receive an unaudited interim report each year commencing in respect of the period to 31 December 2013, expected to be despatched by March each year, or earlier if possible. The Company's audited annual report and accounts will be available on the Company's website, www.jpmconvertiblesincome.co.uk.

The Company's accounts will be drawn up in Sterling and in compliance with IFRS.

Conflicts of interest

Directors

In relation to transactions in which a Director is interested, the Articles provide that as long as the Director, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, discloses to the Board: (i) if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest, or (ii) if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest (in each case unless the transaction or proposed transaction is between the Director and the Company, and is to be entered into in the ordinary course of the Company's business and on usual terms and conditions), then such Director shall not by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. For further details see paragraph 4.14 of Part VIII of this Prospectus. The Directors are also required by the RCIS Rules 2008 to take all reasonable steps to ensure that there is no breach by any "relevant person", including the Directors themselves, the Investment Manager, the Administrator, and the Custodian, of any of the conflict of interest requirements in the RCIS Rules 2008.

Investment Manager

The Investment Manager may be involved in other financial, investment or professional activities that may give rise to conflicts of interest with the Company. In particular, it currently provides, and expects to continue to provide, investment management, investment advice or other services in relation to a number of other companies, funds or accounts that may have similar investment objectives and/or policies to that of the Company and may receive ad valorem and/or performance-related fees for doing so.

As a result, the Investment Manager may have conflicts of interest in allocating investments among the Company and its other clients and in effecting transactions between the Company and its other clients. The Investment Manager may give advice or take action with respect to its other clients that differs from the advice given or actions taken with respect to the Company. The Investment Manager will ensure that transactions effected by it or an associate in which it or an associate has, directly or indirectly, a material interest or relationship of any description with another party, are effected on terms which are not materially less favourable to the Company than if the potential conflict had not existed.

The Directors have noted that the Investment Manager has other clients and have satisfied themselves that the Investment Manager has procedures in place to address potential conflicts of interest.

All potential and existing investors should read carefully the Risk Factors set out on pages 16 to 28 of this Prospectus and, in particular, the risks set out under the section entitled "Risks relating to the Investment Manager" commencing on page 23 of this Prospectus.

Takeover Code

The Takeover Code applies, among other things, to offers for public companies (other than open-ended investment companies) which have their registered office in the United Kingdom, the Channel Islands or the Isle of Man and which are considered by the Takeover Panel to have their place of central management and control in the United Kingdom, the Channel Islands or the Isle of Man. As a company incorporated in Guernsey, the Company is subject to the provisions of the Takeover Code. Should the Company's place of central management alter from Guernsey or be determined by the Takeover Panel to be outside the United Kingdom, the Channel Islands or the Isle of Man, investors would not be afforded the protections of the Takeover Code.

Corporate governance

The Company is committed to complying with the corporate governance obligations which apply to Guernsey registered companies admitted to listing on the Official List of the UKLA and to trading on the Main Market of the London Stock Exchange.

UK Corporate Governance Code

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

The Directors recognise the value of the UK Corporate Governance Code and have taken appropriate measures to ensure that the Company complies, so far as is possible given the Company's size and nature of business, with the UK Corporate Governance Code. The Company does not comply with the UK Corporate Governance Code to the extent that there is no chief executive position within the Company, which is not in accordance with provision A.2.1 of the UK Corporate Governance Code. However, as an investment company, all the Directors are non-executive and the Company has no employees and there is therefore no requirement for a chief executive; accordingly provision A.2.1 of the UK Corporate Governance Code is not relevant to the Company. The Company does not have a senior independent director and therefore cannot comply with provision A.4.1 of the UK Corporate Governance Code. The Company does not have a senior independent director because all of its Directors are non-executive and the Company has a Chairman. There are no other instances of non-compliance with the UK Corporate Governance Code as at the date of this Prospectus.

AIC Code

The Board has agreed to report on a comply or explain basis against the AIC Code of Corporate Governance (the “**AIC Code**”) produced by the Association of Investment Companies (“**AIC**”). The Company is a member of the AIC.

As noted above, the Company does not currently have a senior independent director. The Company otherwise currently complies with the AIC Code, and in accordance with such Code will be meeting its obligations in relation to the UK Corporate Governance Code and associated disclosure requirements of the Listing Rules.

Guernsey Code

The GFSC's “Finance Sector Code of Corporate Governance” (the “**GFSC Code**”) applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes. The GFSC has stated in the GFSC Code that companies which report against the UK Corporate Governance Code or the AIC Code are deemed to meet the requirements of GFSC Code.

Directors' Share dealings

The Directors have adopted a code of directors' dealings in Shares, which is based on the Model Code for directors' dealings contained in the Listing Rules (the “**Model Code**”). The Board is responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors.

Audit Committee

The Company's Audit Committee, which comprises all 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 for the approval of the Board the annual accounts, half year reports and interim management statements. 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. Philip Taylor acts as 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 auditor's letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

Remuneration and Nomination Committee

The Company has established a Remuneration and Nomination Committee, which comprises all the Directors. Simon Miller acts as chairman of the Remuneration and Nomination Committee. The Remuneration and Nomination Committee meets not less than once a year and has responsibility for considering the remuneration of the Directors. It also: (i) identifies individuals qualified to become Board members and select the director nominees for election at general meetings of the Shareholders or for appointment to fill vacancies; (ii) determines director nominees for each committee of the Board; and (iii) considers the appropriate composition of the Board and its committees.

In addition, the chairmanship of the Audit Committee, Remuneration and Nominations Committee and Management Engagement Committee and each Director's performance is reviewed annually by the Chairman and the performance of the Chairman is assessed by the remaining Directors.

Management Engagement Committee

The Company has established a Management Engagement Committee which comprises all the Directors, with Simon Miller as the chairman of the committee. The Management Engagement Committee meets not less than once a year. The Management Engagement Committee's main function is to review and make recommendations on any proposed amendment to the Investment Management Agreement and keep under review the performance of the Investment Manager in its role as investment manager of the Company.

PART VII

TAXATION

General

The information below, which relates only to Guernsey and the UK, summarises the advice received by the Board and is applicable to the Company and (except in so far as express reference is made to the treatment of other persons) to persons who are resident or ordinarily resident in Guernsey or the United Kingdom for taxation purposes and who hold Shares as an investment. It is based on current Guernsey and UK tax law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

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

United Kingdom

(i) *The Company*

The Directors intend to conduct the affairs of the Company in such a way that it should not be resident in the United Kingdom for UK tax purposes. Accordingly, and provided that the Company does not carry on a trade in the United Kingdom (whether or not through a branch, agency or permanent establishment situated therein), the Company will not be subject to UK income tax or corporation tax other than on any UK source income.

(ii) *Shareholders*

UK Offshore Fund Rules

The Directors have been advised that, under current law, the Company should not be an "offshore fund" for the purposes of UK taxation and that the legislation, contained in Part 8 of the Taxation (International and Other Provisions) Act 2010 ("**TIOPA**"), should not apply.

Accordingly, Shareholders (other than those holding Shares as dealing stock, who are subject to separate rules) who are resident in the United Kingdom, or who carry on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected, may, depending on their circumstances and subject as mentioned below, be liable to UK tax on chargeable gains realised on the disposal of their Shares (which will include a redemption and on final liquidation of the Company).

Tax on Chargeable Gains

A disposal of Shares (which will include a redemption) by a Shareholder who is resident in the United Kingdom for tax purposes or who is not so resident but carries on business in the United Kingdom through a branch, agency or permanent establishment with which their investment in the Company is connected may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains or capital gains, depending on the Shareholder's circumstances and subject to any available exemption or relief. For such individual Shareholders capital gains tax at the rate of tax of 18 per cent. (for basic rate taxpayers) or 28 per cent. (for higher or additional rate taxpayers) will be payable on any gain and for such Shareholders that are bodies corporate any gain will be within the charge to corporation tax. Individuals may benefit from certain reliefs and allowances (including a personal annual exemption allowance, which currently exempts the first £10,900 of gains from tax) depending on their circumstances. Shareholders which are bodies corporate resident in the United Kingdom for tax purposes will benefit from indexation allowance which, in general terms, increases the chargeable gains tax base cost of an asset in accordance with the rise in the retail prices index.

Dividends

Individual Shareholders resident in the United Kingdom for tax purposes will be liable to UK income tax in respect of dividends or other income distributions of the Company. An individual Shareholder resident in the UK for tax purposes and in receipt of a dividend from the Company will, provided they own less than 10 per cent. of the Shares, be entitled to claim a non-repayable dividend tax credit equal to one-ninth of the dividend received.

The effect of the dividend tax credit would be to extinguish any further tax liability for eligible basic rate taxpayers (who currently pay tax at the dividend ordinary rate of 10 per cent.). The effect for current eligible higher rate taxpayers (who pay tax at the current dividend upper rate of 32.5 per cent.) would be to reduce their effective tax rate to 25 per cent. of the cash dividend received.

An additional rate of income tax applies for United Kingdom resident individuals with income in excess of £150,000. With effect from 6 April 2013, such individuals will pay 37.5 per cent. tax on dividends received (reduced to 30.6 per cent. for eligible taxpayers as a result of applying the tax credit).

UK Shareholders within the charge to UK corporation tax may be liable for UK corporation tax (the main rate of UK corporation tax is currently 23 per cent., reducing to 21 per cent. by 2014) on the receipt of the dividend. There is, however, an exemption from corporation tax on foreign dividends received by UK resident companies, which may exempt such UK Shareholders from UK taxation on dividends paid by the Company, depending on their circumstances and subject to certain conditions being satisfied.

Stamp duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty or SDRT will arise on the issue of Shares. No UK stamp duty will be payable on a transfer of Shares, provided that all instruments effecting or evidencing the transfer (or all matters or things done in relation to the transfer) are not executed in the United Kingdom and no matters or actions relating to the transfer are performed in the United Kingdom.

Provided that the Shares are not registered in any register kept in the United Kingdom by or on behalf of the Company and that the Shares are not paired with shares issued by a Company incorporated in the United Kingdom, any agreement to transfer the Shares will not be subject to UK SDRT.

ISAs and SSAS/SIPPs

Investors resident in the United Kingdom who are considering acquiring Shares are recommended to consult their own tax and/or investment advisers in relation to the eligibility of the Shares for ISAs.

Shares acquired in the market should be eligible for inclusion in a stocks and shares ISA, subject to applicable subscription limits.

The annual ISA investment allowance is £11,520 for the tax year 2013 to 2014. Up to £5,760 of that allowance can be invested as cash with one provider. The remainder of the £11,520 can be invested in a stocks and shares ISA with either the same or another provider.

The Shares should be eligible for inclusion in a SSAS or SIPP, subject to the discretion of the trustees of the SSAS or SIPP, as the case may be.

(iii) *Other UK Tax Considerations*

Controlled Foreign Companies (CFCs)

UK resident companies having an interest in the Company, such that 25 per cent. or more of the Company’s profits for an accounting period could be apportioned to them, may be liable to UK corporation tax in respect of their share of the Company’s undistributed profits in accordance with the provisions of Part 9A of TIOPA relating to CFCs. These provisions only apply if the

Company is controlled by United Kingdom residents. “Control” for this purpose is established by reference to control of a company’s affairs, economic control over a company’s income and assets and, in certain cases, where a company is regarded as a parent of a CFC for accounting purposes.

Transfer of Assets Abroad

Individuals ordinarily resident in the United Kingdom should note that Chapter II of Part XIII of the Income Tax Act 2007, which contains provisions for preventing avoidance of income tax by transactions resulting in the transfer of income to persons (including companies) abroad, may render them liable to taxation in respect of any undistributed income and profits of the Company. It should be noted that the Finance Bill 2013 (published on 28 March 2013) contains provisions which will amend these provisions in order to make the legislation compatible with EU law. The amendments contained in the Finance Bill 2013 limit the scope of these provisions by adding a new exemption from the transfer of assets charge which operates where the EU treaty freedoms are engaged and focuses on whether the nature of a transaction is genuine and whether it serves the purpose of the freedoms.

Close Company Provisions

The attention of Shareholders resident or ordinarily resident in the United Kingdom is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to a Shareholder who holds, alone or together with associated persons, more than 10 per cent. of the Shares. The Finance Bill 2013 clauses expand the categories of assets excluded from charge to include those used in genuine economic activity and also introduces a motive test. The Finance Bill also reduces the scope of the provision to persons who hold, alone or together with associated persons, more than 25 per cent. of the shares in a company.

Transactions in Securities

The attention of Shareholders is drawn to anti-avoidance legislation in Chapter 1, Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010 that could apply if Shareholders are seeking to obtain tax advantages in prescribed conditions.

Guernsey

(i) *The Company*

The Company has been granted and expects to maintain exempt status for Guernsey tax purposes. In return for the payment of a fee, currently £600, a registered closed-ended investment scheme, such as the Company, is able to apply annually for exempt status for Guernsey tax purposes.

Where exempt status is granted, a company will not be considered resident in Guernsey for Guernsey income tax purposes. A company that has exempt status for Guernsey tax purposes is exempt from tax in Guernsey on both bank deposit interest and any income that does not have its source in Guernsey. It is not anticipated that any income other than bank interest will arise in Guernsey and therefore the Company is not expected to incur any additional liability to Guernsey tax.

In the absence of exempt status, the Company would be treated as resident in Guernsey for Guernsey tax purposes and would be subject to the standard company rate of tax, currently zero per cent.

Guernsey currently does not levy taxes upon capital inheritances, capital gains gifts, sales or turnover (unless the varying of investments and the turning of such investments to account is a business or part of a business), nor are there any estate duties (save for registration fees and ad valorem duty for a Guernsey Grant of Representation where the deceased dies leaving assets in Guernsey which require presentation of such a Grant).

No stamp duty or other taxes are chargeable in Guernsey on the issue, transfer, disposal, conversion or redemption of Shares.

In keeping with its ongoing commitment to meeting international standards, the States of Guernsey has completed a review of its corporate income tax regime. During the course of the review an announcement was made in relation to the removal of certain “deemed distribution” provisions which are not relevant to tax exempt companies. In addition, although the standard rate for corporate income tax remains at zero per cent, with effect from 1 January 2013, the company intermediate income tax rate of ten per cent. has been extended to income arising from the carrying on of business as a licensed fiduciary (in respect of regulated activities), a licensed insurer (in respect of domestic insurance business) and a licensed insurance intermediary and a licensed insurance manager. This does not affect the company.

(ii) *Shareholders*

Shareholders, other than those resident in Guernsey for tax purposes, will receive dividends without deduction of Guernsey income tax. Any Shareholders who are resident for tax purposes in the Islands of Guernsey, Alderney or Herm incur Guernsey income tax on any dividends paid on Shares owned by them but will suffer no deduction of tax by the Company from any such dividends payable by the Company where the Company is granted exempt status.

The Company is required to provide the Director of Income Tax in Guernsey with such particulars relating to any distribution paid to Guernsey resident Shareholders as the Director of Income Tax may require, including the names and addresses of the Guernsey resident Shareholders, the gross amount of any distribution paid and the date of the payment. Shareholders resident in Guernsey should note that where income is not distributed but is accumulated, then a tax charge will not arise until the holding is disposed of. On disposal the element of the proceeds relating to the accumulated income will have to be determined.

The Director of Income Tax can require the Company to provide the name and address of every Guernsey resident who, on a specified date, has a beneficial interest in Shares in the Company, with details of the interest.

In the case of Shareholders who are not resident in Guernsey for tax purposes, the Company’s distributions can be paid to such Shareholders without deduction of Guernsey tax nor will the Company be required to withhold Guernsey tax on such distributions.

Shareholders are not subject to tax in Guernsey as a result of purchasing, owning or disposing of Shares or either participating or choosing not to participate in a redemption of Shares.

(iii) *Implementation of the EU Savings Directive in Guernsey*

Although not a member state of the European Union, Guernsey, in common with certain other jurisdictions, entered into agreements with EU member states on the taxation of savings income. Paying agents in Guernsey must automatically report to the Director of Income Tax in Guernsey any interest payment to individuals resident in the contracting EU member states which falls within the scope of the EU Savings Directive (2003/48/EC) (the “**EU Savings Directive**”) as applied in Guernsey. However, whilst such interest payments may include distributions from the proceeds of shares or units in certain collective investment schemes which are equivalent to a UCITS, guidance notes issued by the States of Guernsey on the implementation of the bilateral agreements indicate that the Company is not equivalent to a UCITS. Accordingly, any payments made by the Company to Shareholders will not currently be subject to reporting obligations pursuant to the agreements between Guernsey and EU member states to implement the Directive in Guernsey.

The scope and operation of the Directive is currently being reviewed in accordance with the European Council’s findings published on 13 November 2008. Any review will affect EU member states. Guernsey, along with other dependent and associated territories, will consider the effect of any proposed changes to the Directive in the context of existing bilateral treaties and domestic law, once the outcome of that review is known. If changes are implemented, the position of Shareholders in relation to the Directive as applied in Guernsey may be different to that set out above.

(iv) *Future Changes*

The Company could be subject to the Foreign Account Tax Compliance Act (FATCA). The application of FATCA to the Company is not currently clear, and its application may be affected by any intergovernmental agreement relating to the implementation of FATCA in Guernsey, into which Guernsey and the US may enter.

(v) *United States-Guernsey Intergovernmental Agreement*

On 29 May 2013, the Chief Minister of Guernsey made a statement to Guernsey's parliament that the States of Guernsey is engaged in final negotiations with the US to conclude an intergovernmental agreement regarding the implementation of FATCA and that it was at that stage anticipated that the agreement would be ready to sign in June 2013. Once signed, an intergovernmental agreement would be subject to ratification by Guernsey's parliament and implementation of the agreement would be through Guernsey's domestic legislative procedure. It is currently anticipated that any such legislation will not come into effect until 2015 at the earliest. On 12 July 2013 the United States Department of Treasury and the Internal Revenue Service issued Notice 2013-43 (the "Notice") which, *inter alia*, refers to the treatment of financial institutions operating in jurisdictions that have signed an intergovernmental agreement to implement FATCA. According to the Notice, a jurisdiction will be treated as having in effect an intergovernmental agreement if the jurisdiction is listed on the US Treasury website as a jurisdiction that is treated as having an intergovernmental agreement in effect. In general, the US Treasury and the Internal Revenue Service intend to include on this list jurisdictions that have signed but have not yet brought into force an intergovernmental agreement. A financial institution resident in a jurisdiction that is treated as having an intergovernmental agreement in effect will be permitted to register on the FATCA registration website as a registered deemed-compliant financial institution (which would include all reporting Model 1 foreign financial institutions) or participating foreign financial institution (which would include all reporting Model 2 foreign financial institutions). The proposed United States-Guernsey Intergovernmental Agreement is based on Model 1. The full impact of such an agreement on the Company and the Company's reporting responsibilities (if any) pursuant to FATCA as implemented in Guernsey is not currently known.

(vi) *United Kingdom-Guernsey Intergovernmental Agreement*

The States of Guernsey are also in the process of finalising a draft intergovernmental agreement with the UK (the "**UK-Guernsey IGA**") under which potentially mandatory disclosure requirements may be required in respect of certain Shareholders who may have a UK connection. As at the date of this Prospectus, details of the finalised terms and effective date of the UK-Guernsey IGA have yet to be announced. Once signed, the UK-Guernsey IGA would be subject to ratification by Guernsey's States of Deliberation and the relevant legislation would have to be introduced. It is currently anticipated that any such legislation will not come into effect until 2016 at the earliest. The impact of the UK-Guernsey IGA on the Company and the Company's reporting responsibilities pursuant to the UK-Guernsey IGA are not currently known.

PART VIII

ADDITIONAL INFORMATION

1. Incorporation and Administration

- 1.1 The Company was incorporated as a non-cellular company with liability limited by shares in Guernsey under the Companies Law on 7 May 2013 with registered number 56625. The Company has been declared by the GFSC to be a registered closed-ended investment collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the RCIS Rules 2008. The registered office and principal place of business of the Company is 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey GY1 1AR, and the telephone number is + 44 (0)1481 758620. The statutory records of the Company are kept at this address. The Company operates under the Companies Law and ordinances and regulations made thereunder and has no employees. The Company has an unlimited life.
- 1.2 Changes in the issued share capital of the Company since incorporation are summarised in paragraph 2 below. The issued Shares of the Company are admitted to trading on the main market of the London Stock Exchange and are listed on the Official List.
- 1.3 Ernst & Young LLP has been the only auditor of the Company since its incorporation. Ernst & Young LLP is a member of the Institute of Chartered Accountants of England & Wales.
- 1.4 There have been no significant changes in the financial or trading position of the Company since 31 July 2013, being the date of the financial information set out in Part V of this Prospectus. The Company currently has no subsidiaries or employees.

2. Share Capital

- 2.1 The share capital of the Company consists of: (a) an unlimited number of ordinary shares of no par value which upon issue the Directors may classify as Shares or shares of such other classes denominated in such currencies as the Directors may determine; and (b) an unlimited number of C Shares of no par value which upon issue the Directors may classify as Shares or shares of such other classes denominated in such currencies as the Directors may determine. All holders of the same class of Shares shall have the same voting rights in respect of the share capital of the Company.
- 2.2 C Shares are shares which convert into 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 other classes of Shares). The issue of C Shares would therefore permit the Board to raise further capital for the Company whilst limiting any dilution of investment returns for existing Shareholders which might otherwise result.
- 2.3 As at 18 September 2013 (being the latest practicable date prior to publication of this Prospectus), the Company has 150,000,000 Shares of no par value in issue.
- 2.4 The Company's issued share capital history since incorporation is as follows:
 - (a) on incorporation, one ordinary share was issued to CO 1 Limited, the subscriber to the Memorandum of the Company. This Share was subsequently dematerialised into Winterflood Securities' nominated CREST account for onward settlement;
 - (b) 135,999,999 Shares, in addition to the Share previously issued to the subscriber to the Memorandum of the Company, were issued to Shareholders pursuant to a placing and offer for subscription;
 - (c) between 11 June 2013 and 18 September 2013, 14,000,000 Shares were issued.

- 2.5 The Directors have absolute authority to allot the Shares and any C Shares under the Articles and are expected to resolve to allot Shares shortly prior to Admission in respect of Placing Shares to be issued pursuant to the Placing Programme.
- 2.6 Pursuant to a written ordinary resolution of the subscribers to the Company's Memorandum dated 8 May 2013, the Directors have been granted general authority to purchase in the market up to 14.99 per cent. of the Shares in issue immediately following admission of the Shares issued at launch on 11 June 2013. The Directors intend to seek annual renewal of this authority from the Shareholders at the Company's annual general meetings. The Company has not repurchased any Shares since its incorporation and no Shares are held in treasury.
- 2.7 In the event that the Board decides to repurchase Shares, purchases will only be made through the market for cash at prices (taking account of the expenses of purchases) not exceeding the last reported Net Asset Value per Share and such purchases will only be made in accordance with: (a) the Listing Rules, which currently provide that the maximum price to be paid per Share must not be more than the higher of (i) five per cent. above the average of the mid-market values of the relevant Shares for the five Business Days before the purchase is made, or (ii) the higher of the last independent trade or the highest current independent bid for the relevant Shares; and (b) the Companies Law, which provides among other things that any such purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time.
- 2.8 Pursuant to a written extraordinary resolution of the subscribers to the Company's Memorandum dated 8 May 2013, pre-emption rights have been disapplied in relation to the issue of up to 300,000,000 Shares or C Shares following admission of the Shares issued at launch on 11 June 2013 for a period concluding immediately prior to the annual general meeting of the Company to be held in 2014. Following those issues set out in paragraph 2.4(c) of this Part VIII of this Prospectus, as at 18 September 2013, being the latest practicable date prior to publication of this Prospectus, a further 286,000,000 Shares may be issued on a non-pre-emptive basis.
- 2.9 The Placing Shares will be issued and created in accordance with the Articles and the Companies Law.
- 2.10 The Shares are in registered form and, from Admission, will be capable of being held in uncertificated form and title to such Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where the Placing 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 days of the completion of the registration process or transfer, as the case may be, of the Placing Shares. In the case of Placing Shares to be issued in uncertificated form, the relevant CREST stock account of the registered members will be credited. Accordingly, settlement of transactions in the Placing Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a paperless book-entry settlement system operated by Euroclear which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrar. The Registrar, whose registered address is set out on page 34 of this Prospectus, maintains a register of Shareholders holding their Shares in CREST.
- 2.11 No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally, to be put under option.

3. Directors' and other Interests

- 3.1 Insofar as is known to the Company, the interests of each Director, including any connected person, 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 Company's issued share capital as at the date of this Prospectus are:

	<i>Number of Shares</i>
Simon Miller	25,000
Paul Meader	30,000
Philip Taylor	25,000
Charlotte Valeur Adu	25,000

- 3.2 There are no outstanding loans from the Company to any of the Directors or any outstanding guarantees provided by the Company in respect of any obligation of any of the Directors.
- 3.3 The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 30 June 2014 which will be payable out of the assets of the Company are not expected to exceed £300,000. Pursuant to their letters of appointment, each of the Directors will be entitled to receive £25,000 per annum, other than the Chairman who will be entitled to receive £32,000 per annum and the chairman of the Audit Committee who will be entitled to receive £27,500 per annum. No amount has been set aside or accrued by the Company to provide pension, retirement or other similar benefits.
- 3.4 No Director has a service contract with the Company, nor are any such contracts proposed. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for 12 months or more; (iii) written request of the other Directors; and (iv) a resolution of the Shareholders, as summarised in more detail in paragraph 4.11.7 of this Part VIII of this Prospectus.
- 3.5 No loan has been granted to, nor any guarantee provided for the benefit of, any Director by the Company.
- 3.6 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company and which has been effected by the Company since its incorporation.
- 3.7 Pursuant to an instrument of indemnity entered into between the Company and each Director, the Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against each of them in connection with the performance of their duties as a Director of the Company.
- 3.8 In addition to their directorships of the Company, the Directors hold or have held the directorships, and are or were members of the partnerships, listed in the table below within the past five years.

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Simon Miller (Chairman)	Alpha Securities Trading Ltd Amati VCT PLC Artemis Alpha Trust PLC BlackRock North American Income Trust PLC Brewin Dolphin Holdings PLC Bruce Stevenson Ltd Dunedin Capital Group Holdco Limited Dunedin Capital Holdings Ltd Dunedin Capital Group Ltd Dunedin Capital Partners (G.P.) Ltd	Adam & Company plc Adam & Company Group plc Adam Investment Management Ltd Bonhams UK Ltd Capula Group Ltd Dunedin Enterprise Investment Trust PLC etc.venues Group Limited etc.venues ESOP Trustee Limited Greenock Energy Services Ltd JP Morgan Elect plc

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
	Dunedin Capital Partners Ltd Dunedin Founder Partners (G.P.) Ltd Dunedin LLP Dunedin Saltire Ltd Lt Dougie Dalzell MC Memorial Trust Scoban PLC Scottish Friendly Assurance Society Limited Weldex (International) Offshore Holdings PLC	Practice Plan Holdings Ltd
Philip Taylor	1887 Vincent Square Limited City Merchants High Yield Trust Limited Hawksford Holdings Limited Hawksford Trust Company Jersey Limited Demajo Investments Limited Jersey International Business School Limited Pont Marquet Investments Limited Pont Marquet RAC Limited Royal Bank of Scotland International Limited Royal Bank of Scotland International Holdings Limited St Johns Wood Square Limited	PricewaterhouseCoopers CI LLP
Paul Meader	Allez Property Limited Arle Capital (Guernsey) Limited Arle Heritage (Guernsey) Limited Bluecrest AIIBLue Fund Limited Dampfeet Investments Limited Frontier Capital Bermuda Limited Guaranteed Investment Products 1 PCC Limited ICG-Longbow Senior Secured UK Property Debt Investments Limited International Capital Accumulation Fund IC Limited International Investments ICC Limited JP Morgan Global Convertibles Income Fund Limited Spitfire Asset Managers (Bermuda) Limited	Albion Investments Holdings Limited British Real Estate Accumulation Fund Limited British Real Estate Fund Limited British Real Estate Investments Limited Corazon Absolute Return Fund Limited Corazon Capital (Jersey) Limited Corazon Capital (Suisse) S.A. Corazon Capital Group Limited Corazon Capital Limited Corazon Fund Management Limited Glanmore Investments Limited Glanmore Property Accumulation Fund Limited Glanmore Property Company Limited Glanmore Property Dollar Fund Limited Glanmore Property Euro Fund Limited Glanmore Property Fund Limited Guernsey Finance LBG International P&I Reinsurance Company Limited Lucas House Limited Talisman Guernsey Management Limited

<i>Name</i>	<i>Current directorships/partnerships</i>	<i>Past directorships/partnerships</i>
Charlotte Valeur Adu	Andrea Investments (Jersey) PCC (Cell 2008-1 PC) Andrea Investments (Jersey) PCC (Cell 2008-2 PC) Andrea Investments (Jersey) PCC (Cell 2008-4 PC) Andrea Investments (Jersey) PCC (Cell series 1000 PC) BH Credit Catalysts Limited Brook Street Partners Holding Limited FSN GP II FSN GP III FSN GP IV LumX Atlas Global Lumx Beach Point Fund Limited LumX CCA Global Macro Fund Limited Lumx GGIE Fund Limited Lumx GSB Podium Fund Limited Lumx Horseman European Select Fund Ltd Lumx Lancaster Fund Limited LumX LynX Fund Limited LumX MW Core Fund Limited LumX Systematic Trend Fund Limited Lumx Third Point Fund Limited LumX Turiya Lumx Van Eck Hard Assets Fund Limited LumX Visium Credit Renewable Energy Generation Ltd TECREF GP Master Fund TECREF SA	3i Infrastructure Plc Agilo Global Fund Limited (Feeder) Agilo Global Fund Limited (Master) AlphaTran Fund (Master) Andrea Investments (Jersey) PCC (Cell 2008-3 PC) Brook Street Partners (Jersey) Limited Brook Street Partners Ltd Dansk Egenkapital Management DREAM01 GP Limited DREAM02 GP Limited DREAM02 (I) GP Limited REAM02 (I) Limited DREAM02 (II) GP Limited DREAM02 (II) Limited DREAM02 (III) GP Limited DREAM02 (IV) GP Limited DREAM02 (V) GP Limited DREAM02 (VI) GP Limited DREAM02 (VII) GP Limited DREAM02 (VIII) GP Limited DREAM02 (IX) GP Limited DREAM02 (X) GP Limited DREAM02 (XI) GP Limited Gyldmark Liquid Macro Fund Ltd Gyldmark Liquid Macro Master Fund Ltd Lumx Avesta Fund Limited Lumx Cyril Systematic Fund Limited Lumx GLC Gestalt Fund Limited Lumx RWC Biltmore Fund Limited VCM Ariel Fund Limited (Feeder) VCM Ariel Fund LP (Master) VCM Ariel General Partner Ltd

3.9 Philip Taylor is Chairman of Hawksford International Limited. Simon Miller is Chairman of Dunedin LLP, which is manager of Dunedin Buyout Fund 2 and Equity Harvest Fund, which together own 49 per cent. of the shares in Hawksford International Limited. Dunedin LLP does not itself hold any interest in Hawksford International Limited.

3.10 As at the date of this Prospectus, there are no potential conflicts of interest between any duties to the Company of any of the Directors and their private interests and/or other duties. There are no lock-up provisions regarding the disposal by any of the Directors of any Shares.

3.11 At the date of this Prospectus:

3.11.1 none of the Directors has had any convictions in relation to fraudulent offences for at least the previous five years;

- 3.11.2 save as detailed above, none of the Directors other than Paul Meader, who was a director of Corazon Absolute Return Fund Limited (which was placed into voluntary liquidation on 17 September 2013) was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings
- 3.11.3 none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and
- 3.11.4 none of the Directors are aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Company which is not otherwise disclosed in this Prospectus.
- 3.12 The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 3.13 No members of staff of the Administrator or the Investment Manager have any service contracts with the Company.

Major Shareholders

- 3.14 The Companies Laws impose no requirement on Shareholders in the Company to disclose holdings of 3 per cent. (or any greater limit) or more of the share capital of the Company. However, the Disclosure and Transparency Rules provide that certain persons (including Shareholders) must notify the Company if the proportion of the Company's voting rights which they then hold directly or indirectly as a shareholder or through a direct or indirect holding of certain financial instruments reaches, exceeds or falls below thresholds of 5 per cent., 10 per cent., 15 per cent., 20 per cent., 25 per cent., 30 per cent., 50 per cent. and 75 per cent.
- 3.15 As at 18 September 2013 (being the latest practicable date prior to the publication of this Prospectus), insofar as is known to the Company, the following parties were known to be interested in 5 per cent. or more of the Company's issued share capital:

<i>Shareholder</i>	<i>Number of Shares</i>	<i>% of Shares (and voting rights)</i>
Brown Shipley & Co Ltd	8,491,324	6
Brewin Dolphin	18,856,801	13.87

- 3.16 All Shareholders have the same voting rights in respect of the share capital of the Company.
- 3.17 As at 18 September 2013 (being the latest practicable date prior to the publication of this Prospectus), the Company and the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 3.18 The Company and the Directors are not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

4. Memorandum and Articles

4.1 *Objects*

The Memorandum of the Company provides that the objects of the Company are unrestricted.

4.2 ***Dividends and other distributions***

- 4.2.1 Subject to the rights of any Shares which may be issued with special rights or privileges, the Shares carry the right to receive all income of the Company attributable to the Shares, and to participate in any distribution of such income made by the Company, and such income shall be divided *pari passu* among the Shareholders in proportion to the number of Shares held by them.
- 4.2.2 The Directors may from time to time authorise dividends and distributions to be paid to Shareholders in accordance with the procedure set out in the Companies Law and subject to any Shareholders' rights attaching to their Shares. The Directors may from time to time authorise dividends and distributions to be paid to holders of C Shares out of the assets attributable to such C Shares in accordance with the procedure set out in the Companies Law and subject to any rights attaching to such C Shares.
- 4.2.3 All unclaimed dividends and distributions may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend unclaimed on the earlier of (i) a period of seven years after the date when it first became due for payment and (ii) the date on which the Company is wound-up, shall be forfeited and shall revert to the Company without the necessity for any declaration or other action on the part of the Company.

4.3 ***Voting***

- 4.3.1 Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Shares, holders of Shares shall have the right to receive notice of and to attend and vote at general meetings of the Company.
- 4.3.2 Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of each Share held by him. In the case of a general meeting of all Shareholders, each Shareholder shall have one vote in respect of each Share held by him.
- 4.3.3 Save in certain limited circumstances, C Shares will not carry the right to attend and receive notice of any general meetings of the Company, nor will they carry the right to vote at such meetings.

4.4 ***Capital***

As to a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Shares in accordance with the provisions of the Articles and the Companies Law), the surplus assets of the Company attributable to the Shares remaining after payment of all creditors shall, subject to the rights of any Shares that may be issued with special rights or privileges, including for these purposes C Shares, be divided *pari passu* among the Shareholders in proportion to the number of Shares held by them.

4.5 ***Pre-emption rights***

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of the Shares. However, the Articles provide that the Company is not permitted to allot (for cash) equity securities (being Shares or C Shares or rights to subscribe for, or convert securities into, Shares or C Shares) or sell (for cash) any Shares or C Shares held in treasury, unless it shall first have offered to allot to each existing Shareholder and holder of C Shares, as the case may be, on the same or more favourable terms a proportion of those Shares or C Shares the aggregate value of which (at the proposed issue price) is as nearly as practicable equal to the proportion of the total Net Asset Value of the Company represented by the Shares or C Shares held by such shareholder. These pre-emption rights may be excluded and disapplied or modified by extraordinary resolution of the Shareholders.

4.6 *Variation of rights*

- 4.6.1 Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated:
- (A) with the consent in writing of the holders of more than seventy five per cent. in number of the issued shares of that class; or
 - (B) with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.
- 4.6.2 The necessary quorum at any separate class meeting shall be two persons present holding or representing by proxy at least one-third in number of the issued shares of that class (provided that if any such meeting is adjourned for lack of a quorum, the quorum at the reconvened meeting shall be one person present holding shares of that class or his proxy) provided always that where the class has only one member, that member shall constitute the necessary quorum and any holder of shares of the class in question may demand a poll.
- 4.6.3 The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the conditions of issue of such shares) be deemed not to be varied by (a) the creation or issue of further shares ranking *pari passu* therewith or (b) the purchase or redemption by the Company of any of its shares (or the holding of such shares as treasury shares).

4.7 *Disclosure of interests in Shares*

- 4.7.1 The Directors shall have power by notice in writing (a “**Disclosure Notice**”) to a Shareholder to disclose to the Company the identity of any person other than the Shareholder (an “**interested party**”) who has any interest (whether direct or indirect) in the Shares held by the Shareholder (or has been so interested at any time during the 3 years immediately preceding the date on which the Disclosure Notice is issued) and the nature of such interest. Any such Disclosure Notice shall require any information in response to such Disclosure Notice to be given in writing to the Company within 28 days of the date of service (or 14 days if the Shares concerned represent 0.25 per cent. or more of the number of Shares in issue).
- 4.7.2 If any member is in default in supplying to the Company the information required by the Company within the prescribed period (which is 28 days after service of the notice or 14 days if the Shares concerned represent 0.25 per cent. or more in number of the issued Shares), or such other reasonable period as the Directors may determine, the Directors in their absolute discretion may serve a direction notice on the member (a “**Direction Notice**”). The Direction Notice may direct that in respect of the Shares in respect of which the default has occurred (the “**Default Shares**”) and any other Shares held by the member shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. in number of the Shares concerned, the Direction Notice may additionally direct that dividends on such Shares will be retained by the Company (without interest) and that no transfer of the Default Shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified.
- 4.7.3 The Directors may be required to exercise their power to require disclosure of interested parties on a requisition of Shareholders holding not less than ten per cent. of the total voting rights attaching to the shares in issue at the relevant time.

4.8 *Transfer of Shares*

- 4.8.1 Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.

- 4.8.2 A transfer of a certificated Share shall be in the usual common form or in any other form approved by the Board. An instrument of transfer of a certificated Share shall be signed by or on behalf of the transferor and, unless the Share is fully paid, by or on behalf of the transferee.
- 4.8.3 The Articles provide that the Board has power to implement such arrangements as it may, in its absolute discretion, think fit in order for Shares to be admitted to settlement by means of the CREST system. If the Board implements any such arrangements, no provision of the Articles will apply or have effect to the extent that it is in any respect inconsistent with:
- (A) the holding of Shares in uncertificated form;
 - (B) the transfer of title to Shares by means of the CREST system; or
 - (C) the CREST Guernsey Requirements.
- 4.8.4 Where the Shares are, for the time being, admitted to settlement by means of the CREST system such securities may be issued in uncertificated form in accordance with and subject to the CREST Guernsey Requirements. Unless the Board otherwise determines, Shares held by the same holder or joint holders in certificated form and uncertificated form will be treated as separate holdings. Shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject to the CREST Guernsey Requirements. Title to such of the Shares as are recorded on the register as being held in uncertificated form may be transferred only by means of the CREST system.
- 4.8.5 The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any Share in certificated form or uncertificated form subject to the Articles which is not fully paid, which transfer would violate the “Purchase and transfer restrictions” set forth in this Prospectus, or on which the Company has a lien provided that, in the case of a Share, this would not prevent dealings in the Shares from taking place on an open and proper basis on the London Stock Exchange.
- 4.8.6 In addition, the Board may decline to transfer, convert or register a transfer of any Share in certificated form or (to the extent permitted by the CREST Guernsey Requirements) uncertificated form: (a) if it is in favour of more than four joint transferees, (b) if applicable, if it is delivered for registration to the registered office of the Company or such other place as the Board may decide, not accompanied by the certificate for the Shares to which it relates and such other evidence of title as the Board may reasonably require, or (c) the transfer is in favour of any Non-Qualified Holder.
- 4.8.7 If any Shares are owned directly, indirectly or beneficially by a person believed by the Board to be a Non-Qualified Holder, the Board may give notice to such person requiring him either to provide the Board within 30 days of receipt of such notice with sufficient satisfactory documentary evidence to satisfy the Board that such person is not a Non-Qualified Holder or (ii) to sell or transfer his Shares to a person who is not a Non-Qualified Holder within 30 days and within such 30 days to provide the Board with satisfactory evidence of such sale or transfer. Pending such sale or transfer, the Board may suspend the exercise of any voting or consent rights and rights to receive notice of or attend any meeting of the Company and any rights to receive dividends or other distributions with respect to such Shares. Where condition (i) or (ii) is not satisfied within 30 days after the serving of the notice, the person will be deemed, upon the expiration of such 30 days, to have forfeited his Shares. If the Board in its absolute discretion so determines, the Company may dispose of the Shares at the best price reasonably obtainable and pay the net proceeds of such disposal to the former holder.
- 4.8.8 The Board may decline to register a transfer of an uncertificated Share which is traded through the CREST system in accordance with the CREST rules where, in the case of a transfer to joint holders, the number of joint holders to whom uncertificated Shares is to be transferred exceeds four.

4.9 **General meetings**

4.9.1 The first general meeting (being an annual general meeting) of the Company shall be held within such time as may be required by the Companies Law and thereafter general meetings (which are annual general meetings) shall be held at least once in each calendar year and in any event, no more than 15 months since the last annual general meeting. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. Extraordinary general meetings and annual general meetings shall be held in Guernsey or such other place outside the United Kingdom as may be determined by the Board from time to time.

4.9.2 The notice must specify the date, time and place of any general meeting and the text of any proposed special and ordinary resolution. Any general meeting shall be called by at least ten clear days' notice. A general meeting may be deemed to have been duly called by shorter notice if it is so agreed by all the members entitled to attend and vote thereat. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the proceedings at the meeting.

4.9.3 The Shareholders may require the Board to call an extraordinary general meeting in accordance with the Companies Law.

4.10 **Restrictions on voting**

Unless the Board otherwise decides, no member shall be entitled to vote at any general meeting or at any separate meeting of the Shareholders in the Company, either in person or by proxy, in respect of any Share held by him unless all calls and other sums presently payable by him in respect of that Share have been paid. No member of the Company shall, if the Directors so determine, be entitled in respect of any Share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such Shares has failed to comply with a Disclosure Notice within 14 days, in a case where the Shares in question represent at least 0.25 per cent. of the Shares in issue at that time, or within 28 days, in any other case, from the date of such Disclosure Notice. These restrictions will continue until the information required by the notice is supplied to the Company or until the Shares in question are transferred or sold in circumstances specified for this purpose in the Articles.

4.11 **Appointment, retirement and disqualification of Directors**

4.11.1 Unless otherwise determined by the Shareholders by ordinary resolution, the number of Directors shall not be less than two and there shall be no maximum number. At no time shall a majority of the Board be resident in the United Kingdom for UK tax purposes.

4.11.2 A Director need not be a Shareholder. A Director who is not a Shareholder shall nevertheless be entitled to attend and speak at Shareholders' meetings.

4.11.3 Subject to the Articles, Directors may be appointed by the Board (either to fill a vacancy or as an additional Director). No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than seven and not more than 42 clear days before the date appointed for the meeting there shall have been left at the Company's registered office (or, if an electronic address has been specified by the Company for such purposes, sent to the Company's electronic address) notice in writing signed by a Shareholder who is duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected, specifying his tax residency status and containing a declaration that he is not ineligible to be a Director in accordance with the Companies Law.

4.11.4 No person shall be or become incapable of being appointed a Director, and no Director shall be required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age.

- 4.11.5 Subject to the Articles, at each annual general meeting of the Company, any Director (i) who has been appointed by the Board since the last annual general meeting, (ii) who held office at the time of the two preceding annual general meetings and who did not retire at either of them, or (iii) who has held office with the Company, other than employment or executive office, for a continuous period of nine years or more at the date of the meeting, shall retire from office and may offer himself for election or re-election by the Shareholders.
- 4.11.6 A Director who retires at an annual general meeting may, if willing to continue to act, be elected or re-elected at that meeting. If he is elected or re-elected he is treated as continuing in office throughout. If he is not elected or re-elected, he shall remain in office until the end of the meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to elect or re-elect the Director is put to the meeting and lost.
- 4.11.7 The office of a Director shall be vacated: (i) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by one month's written notice signed by him sent to or deposited at the Company's registered office; (ii) if he dies; (iii) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated; (iv) if he becomes bankrupt or makes any arrangements or composition with his creditors generally; (v) if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under the provisions of any law or enactment; (vi) if he is requested to resign by written notice signed by all of his co-Directors (being not less than two in number); (vii) if the Company by ordinary resolution shall declare that he shall cease to be a Director; (viii) if he becomes resident in the United Kingdom for tax purposes and, as a result thereof, a majority of the Directors would, if he were to remain a Director, be resident in the United Kingdom for tax purposes; or (ix) if he becomes ineligible to be a Director in accordance with the Companies Law.
- 4.11.8 Any Director may by notice in writing under his hand and deposited at the registered office of the Company or delivered at a meeting of the Board, appoint any person (subject to the provisions in paragraph 4.11.9 below), who is willing to act, provided that the alternate director in question has provided notice in writing of his willingness and eligibility to act, as his alternate and may remove his alternate from that office.
- 4.11.9 Each alternate Director shall either (i) be resident for tax purposes in the same jurisdiction as his appointor, or (ii) not be resident for United Kingdom tax purposes in the United Kingdom, in each case for the duration of the appointment of that alternate Director and in either case shall also be eligible to be a Director under the Companies Law and sign a written consent to act.
- 4.12 ***Proceedings of the Board***
- 4.12.1 The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be two. Subject to the Articles, a meeting of the Board at which a quorum is present shall be competent to exercise all the powers and discretions exercisable by the Board.
- 4.12.2 All meetings of the Board are to take place outside the United Kingdom and any decision reached or resolution passed by the Directors at any meeting of the Board held within the United Kingdom or at which no majority of Directors resident outside the United Kingdom (and not within the United Kingdom) for UK tax purposes is present shall be invalid and of no effect.

4.12.3 The Board may elect one of their number as chairman. If no chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

4.12.4 Questions arising at any meeting shall be determined by a majority of votes.

4.12.5 The Board may delegate any of its powers to committees consisting of one or more Directors as they think fit with a majority of such Directors being resident outside of the United Kingdom for UK tax purposes. Committees shall only meet outside the United Kingdom. Any committee so formed shall be governed by any regulations that may be imposed on it by the Board and (subject to such regulations) by the provisions of the Articles that apply to meetings of the Board.

4.13 *Remuneration of Directors*

The Directors shall be entitled to receive fees for their services, such sums not to exceed in aggregate £300,000 in any financial year in aggregate (or such sum as the Company in general meeting shall from time to time determine). The Directors may be paid reasonable travelling, hotel and other out of pocket expenses properly incurred by them in attending board or committee meetings or general meetings, and all reasonable expenses properly incurred by them seeking independent professional advice on any matter that concerns them in the furtherance of their duties as a Director. If, by arrangement with the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board may determine.

4.14 *Interests of Directors*

4.14.1 Subject to and in accordance with the Companies Law, a Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose to the Board (i) if the monetary value of the Director's interest is quantifiable, the nature and monetary value of that interest, or (ii) if the monetary value of the Director's interest is not quantifiable, the nature and extent of that interest, in each case unless the transaction or proposed transaction is between the Director and the Company, and is to be entered into in the ordinary course of the Company's business and on usual terms and conditions. A failure by a Director to comply does not affect the validity of a transaction entered into by the Company or the Director.

4.14.2 Subject to the provisions of the Companies Law, and provided that he has disclosed to the Directors the nature and extent of any interests of his, a Director notwithstanding his office:

- (A) may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director on such terms as to the tenure of office and otherwise as the Directors may determine;
- (B) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (C) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, a shareholder of or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
- (D) shall not, by reason of his office, be accountable to the Company for any remuneration or benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit;
- (E) may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as though he were not a Director of the Company; and

- (F) may be counted in the quorum present at any meeting in relation to any resolution in respect of which he has declared an interest and he may vote thereon.

4.15 *Winding up*

4.15.1 If the Company shall be wound up, the liquidator may, with the sanction of an extraordinary resolution and any other sanction required by the Companies Law, divide the whole or any part of the assets of the Company among the members entitled to the same in specie and the liquidator or, where there is no liquidator, the Directors may for that purpose value any assets as he or they deem fair and determine how the division shall be carried out as between the members or different classes of members and, with the like sanction, may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he or they may determine, but no member shall be compelled to accept any assets upon which there is a liability.

4.15.2 Where the Company is proposed to be or is in the course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company, the liquidator may, with the sanction of an ordinary resolution, receive in compensation shares, policies or other like interests for distribution or may enter into any other arrangements whereby the members may, in lieu of receiving cash, shares, policies or other like interests, participate in the profits of or receive any other benefit from the transferee.

4.16 *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking, property (present or future) or assets or uncalled capital and to issue debentures and other securities whether outright, or as collateral security for any debt, liability or obligation of the Company or of any third party.

4.17 *Continuation Resolution*

4.17.1 The Directors shall at the annual general meeting of the Company to be held in 2018 propose an Ordinary Resolution that the Company continues its business as a closed-ended collective investment scheme (a “**Continuation Resolution**”). If a Continuation Resolution is passed at such annual general meeting then the Directors shall be required to propose a further Continuation Resolution at every third annual general meeting thereafter.

4.17.2 If a Continuation Resolution is not passed, then the Directors shall, within 6 months of such Continuation Resolution not being passed, put proposals to Shareholders for the reconstruction or reorganisation of the Company.

5. **Material Contracts**

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

5.1 *Investment Management Agreement*

The Company and the Investment Manager have entered into an investment management agreement, dated 16 May 2013 (the “**Investment Management Agreement**”), pursuant to which the Investment Manager has been given overall responsibility for the discretionary management of the Company’s assets (including uninvested cash) in accordance with the Company’s investment objective and policy.

Fees

5.1.1 The Investment Manager will be entitled to receive from the Company a management fee, calculated and payable monthly in arrear at a rate equivalent to 0.75 per cent. of NAV (before deduction of the management fee) per annum. No performance fees will be payable to the Investment Manager.

- 5.1.2 For the purposes of the management fee, the Company's NAV shall include any accrued but undistributed net revenue and shall be calculated on the basis that any debt is included at par value.
- 5.1.3 There shall be excluded from the NAV for the purpose of calculating the Investment Manager's remuneration the value of any holdings in investment trusts, unit trusts, funds and similar schemes, both closed and open-ended, from which the Investment Manager or any Associate (as defined in the Investment Management Agreement) of the Investment Manager receives a management or advisory fee based wholly or partly on assets or income.

Termination

- 5.1.4 The Investment Management Agreement may be terminated by either the Company or the Investment Manager giving to the other not less than six months' notice in writing, such notice not to be given prior to two years following the date of Admission.
- 5.1.5 If the Company wishes to give less than six months' notice, in consideration for the Investment Manager accepting such lesser period of notice the Company shall pay to the Investment Manager on the last day of the lesser period of notice any remuneration due and unpaid for the Investment Manager's services during the period of notice and an amount (exclusive of Value Added Tax ("VAT")) equal to the remuneration which would have been payable to the Investment Manager for the six months from the date on which such notice was given, less the period of notice, based on the NAV of the Company (defined according to the provisions set out in paragraphs 5.1.1 to 5.1.3 of this Part VIII at the end of the lesser period of notice.
- 5.1.6 The Investment Management Agreement may be terminated by the Company immediately without penalty by notice in writing if: (i) the Investment Manager is found liable for negligence, wilful default or fraud or commits a material breach of contract which is either irremediable or not remedied to the Company's reasonable satisfaction within 30 days of a notification thereof from the Company, in connection with the performance of its duties under the Investment Management Agreement; or (ii) the Investment Manager fails to maintain to have the necessary authorisations to act as such for the purposes of the Financial Services and Markets Act 2000 and the Financial Services Act 2012; or (iii) an order is made or an effective resolution is passed for winding-up the Investment Manager otherwise than for the purpose of its amalgamation or reconstruction; or (iv) a petition is presented applying for an administration order to be made in respect of the Investment Manager; or (v) a receiver is appointed in respect of the Manager or any of its assets; or (vi) the Investment Manager shall be insolvent or stop or threaten to stop carrying on business or payment of its debts or make any arrangement with its creditors generally; or (vii) the Investment Manager ceases, without the prior approval of the Board (such approval not to be unreasonably withheld or delayed), to be a subsidiary of JPMorgan Chase and Co.; or (viii) on the liquidation of the Company pursuant to the liquidation or continuation provisions of the Articles of Incorporation of the Company in force at the date of the Investment Management Agreement.
- 5.1.7 On termination by either party, the Investment Manager shall: (a) be entitled to receive from the Company or deduct from the Portfolio all fees, costs, charges and expenses properly accrued or reasonably incurred under the Investment Management Agreement up to the date of termination including any additional expenses or losses necessarily incurred in settling outstanding obligations or terminating the Investment Management Agreement whether they occur before or after the date of termination; (b) as soon as reasonably practicable thereafter, subject to (a), deliver or cause to be delivered the assets of the Company to the order of the Company; and (c) subject to (a), refund any fees paid in advance by the Company.

Indemnities

- 5.1.8 The Company has given certain market standard indemnities in favour of the Investment Manager in respect of the Investment Manager's potential losses in carrying out its responsibilities under the Investment Management Agreement.

General

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

5.2 Administration Agreement

The Company and the Administrator entered into an administration agreement dated 16 May 2013 (the “**Administration Agreement**”), whereby the Administrator is appointed to act as Administrator of the Company.

Under the terms of the Administration Agreement, the Administrator is entitled to various fees, which are expected to be approximately £55,000 in aggregate per annum.

The Company has given certain market standard indemnities in favour of the Administrator in respect of the Administrator’s potential losses in carrying out its responsibilities under the Administration Agreement.

The Administration Agreement may be terminated by either party on not less than ninety days’ written notice. The Administration Agreement may also be terminated by the Administrator on termination of the Custody Agreement simultaneously with the transition of the assets of the Company to a successor custodian.

The Administration Agreement may be terminated immediately by either party: (i) the other party being declared insolvent, declared en etat de desastre entering into a composition with creditors, obtaining a suspension of payment, being put under court controlled management or being the subject of a similar measure; or (ii) the GFSC or any other competent supervisory authority withdrawing its authorisation, licensing or registration of either party; or (iii) the other party committing any material breach of this Agreement and failing to remedy such breach (if capable of remedy) within 90 days of being given written notice of the material breach, unless the parties agree to extend the period to remedy the breach.

The Administrator may terminate the Administration Agreement immediately upon written notice to the Company in the event that the Company or its service providers fail or refuse to remedy material breaches of Applicable Law or material non-compliance with the obligations of a listed company as applied by the London Stock Exchange.

The Administration Agreement is governed by the laws of the Island of Guernsey.

5.3 Custody Agreement

The Company and the Custodian entered into a custody agreement dated 16 May 2013 (the “**Custody Agreement**”), whereby the Custodian will act as custodian of the Company’s investments, cash and other assets.

The fees payable to the Custodian pursuant to the Custody Agreement are expected to be no more than £40,000 per annum.

The Company has given certain market standard indemnities in favour of the Custodian in respect of the Custodian’s potential losses in carrying on its responsibilities under the Custody Agreement.

The Custodian’s appointment may be terminated by the Company giving 60 days’ written notice to the Custodian or by the Custodian giving 180 days’ written notice to the Company, and in certain circumstances the Custodian’s appointment may be terminated immediately on notice by either party. The Custody Agreement is governed by the laws of England and Wales.

5.4 Placing Agreement

Winterflood Securities, the Company and the Investment Manager have entered into a placing agreement dated 20 September 2013 (the “**Placing Agreement**”), whereby the Company has agreed, subject to certain conditions that are typical for an agreement of this nature, to issue the Shares to be issued pursuant to the Placing Programme. The Placing Programme will not be underwritten.

In consideration for the provision of its services under the Placing Agreement, the Company has agreed to pay to Winterflood Securities (together with any related value added tax): (i) a corporate finance fee of £50,000; and (ii) commission of 1 per cent. of the Placing Price multiplied by the number of Placing Shares issued at the relevant time. The Company will also pay all other costs and expenses incurred in connection with the Placing Programme and Admission including Winterflood Securities' expenses and legal fees.

The obligations of Winterflood Securities under the Placing Agreement are subject to conditions including, amongst others, Winterflood Securities not having exercised the right to terminate the Placing Agreement in accordance with its terms. Winterflood Securities may terminate the Placing Agreement prior to Admission of Placing Shares issued pursuant to any Placing under the Placing Programme in certain circumstances that are usual for an agreement of this nature. These circumstances include if at any time prior to such Admission: (i) in the reasonable opinion of Winterflood Securities, any of certain warranties given under the Placing Agreement, or any statement made in this Prospectus and/or in certain other related documents was, when given or made, untrue or inaccurate or misleading in each case in any material respect or would be untrue or inaccurate or misleading in each case in any material respect were it to be repeated by reference to the facts and circumstances then in existence; (ii) the Company and/or the Investment Manager is in breach in any material respect of any of its obligations under the Placing Agreement, the Companies Law, FSMA, the Prospectus Rules, the Listing Rules, the Disclosure and Transparency Rules, any other regulatory requirement applicable to them in connection with the Placing Programme or otherwise; (iii) in the reasonable opinion of Winterflood Securities, a material adverse change (as defined in the Placing Agreement) has occurred; or (iv) a force majeure event (as defined in the Placing Agreement) has occurred.

The Company and the Investment Manager have given certain representations, warranties, undertakings and indemnities to Winterflood Securities that are typical for an agreement of this nature.

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

5.5 *IPO Placing Agreement*

Winterflood Securities, the Company and the Investment Manager entered into a placing agreement dated 16 May 2013 (the "**IPO Placing Agreement**"), whereby the Company agreed, subject to certain conditions that are typical for an agreement of this nature, to issue the Shares to be issued pursuant to the issue at the Issue Price. Winterflood Securities agreed, subject to certain conditions that are typical for an agreement of this nature, to use reasonable endeavours to procure subscribers for the Shares to be issued under the IPO Placing at the Issue Price. The Placing was not underwritten.

In consideration for the provision of its services under the Placing Agreement, the Company agreed to pay to Winterflood Securities (together with any related value added tax): (i) a corporate finance and documentation fee of £100,000; and (ii) a variable commission of between 1 per cent. and 1.8 per cent. of Gross Issue Proceeds, excluding the amount of Gross Issue Proceeds received for Shares subscribed for under the IPO Issue by or on behalf of such retail platforms of the Investment Manager and such discretionary investment clients of the Investment Manager as agreed between Winterflood Securities and the Investment Manager.

The Company agreed to pay and/or reimburse to Winterflood Securities any stamp duty and/or stamp duty reserve tax (save to the extent attributable to a breach of the Placing Agreement by Winterflood Securities) and any related costs or interest arising in respect of the IPO Issue and delivery of the Shares issued at launch to those persons becoming entitled to be registered as IPO holders under the IPO Issue and the Company agreed to pay or cause to be paid (together with any related value added tax) all costs, charges, fees and expenses of, in connection with, or incidental to, the IPO Issue, admission of the Shares issued at launch or the other arrangements contemplated by the IPO Placing Agreement.

The Company and the Investment Manager gave certain representations, warranties, undertakings and indemnities to Winterflood Securities under the IPO Placing Agreement.

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

5.6 Registrar Agreement

The Company and the Registrar entered into a registrar agreement dated 16 May 2013 (the “**Registrar Agreement**”), whereby the Registrar is appointed to act as registrar to the Company.

Under the Registrar Agreement, the Registrar is entitled to receive a minimum agreed fee of £7,999 per annum in respect of basic registration. The Registrar Agreement is governed by the laws of the Island of Guernsey.

The Registrar Agreement may be terminated by either the Company or the Registrar by service of three months’ written notice should the parties not reach an agreement regarding any increase of fees, upon service of written notice if the other party commits a material breach of its obligations under the Registrar agreement, or upon service of written notice if a resolution is passed or an order made for the winding-up, dissolution or administration of the other party, or if the other party is declared insolvent or if an administrator, administrative receiver, manager or provisional liquidator (or similar officer to any of the foregoing in the relevant jurisdiction) is appointed over the whole of or a substantial part of the other party or its assets or undertakings. Unless so terminated, the Registrar Agreement shall continue for a period of two years, at the expiry of which the Registrar Agreement shall either terminate, provided written notice is given to the other party at least six months prior to the end of this two year period, or shall automatically renew until terminated by either party on six months’ prior written notice.

6. Litigation

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the last 12 months which may have, or have in the recent past had, a significant effect on the Company’s financial position or profitability.

7. Related Party Transactions

Except with respect to arrangements between the Company and each Director described in paragraph 3 of this Part VIII and for the contracts summarised in paragraph 5 of this Part VIII of this Prospectus, the Company has not entered into any related party transaction since incorporation.

8. General

8.1 The principal place of business and registered office of the Company is at 1st Floor, Les Echelons Court, Les Echelons, South Esplanade, St. Peter Port, Guernsey GY1 1AD. The Company has been declared by the GFSC to be a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, and the RCIS Rules 2008. The Company is not regulated by the Financial Conduct Authority or any other non-Guernsey regulator.

8.2 The Investment Manager may be a promoter of the Company. Save as disclosed in Part VI and in paragraph 5 of this Part VIII of this Prospectus, no amount or benefit has been paid, or given, to the Investment Manager or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.

8.3 The address of the Investment Manager is Finsbury Dials, 20 Finsbury Street, London, EC2Y 9AQ and its telephone number is +44 (0) 20 7742 4000.

8.4 The Company does not own any premises and does not lease any premises.

9. Third party sources and consents

9.1 Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. 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.

- 9.2 The Investment Manager 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, including without limitation Part II, Part III and Part V 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.
- 9.3 Ernst & Young LLP has given and not withdrawn its consent to the inclusion of its report on the historical financial information of the Company set out in Part V of this Prospectus in the form and context in which it appears and has authorised the contents of that part of the document for the purposes of Prospectus Rule 5.5.3(2)(f).

10. Cash uses and working capital

- 10.1 In accordance with the Company's investment policy, the Company's principal use of cash (including the net proceeds of any Placing under the Placing Programme) will be to fund investments in a globally diversified portfolio of convertible securities and other suitable instruments exhibiting convertible or exchangeable characteristics, as well as to cover initial expenses related to the Placing Programme, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy described above. At the discretion of the Directors, cash may be used to buy back shares in the Company if, in the opinion of the Directors, this is in the best interests of Shareholders.
- 10.2 The Company is of the opinion that the working capital available to it is sufficient 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 shows the Company's gross indebtedness as at 18 September 2013 (being the latest practicable date prior to publication of this Prospectus).

<i>Total current debt (£'000)</i>	<i>As at 18 September 2013</i>
Guaranteed	NIL
Secured	NIL
Unguaranteed/unsecured	NIL
<i>Total non current debt (excluding current position of non current debt) (£'000)</i>	<i>As at 18 September 2013</i>
Guaranteed	NIL
Secured	NIL
Unguaranteed/unsecured	NIL

The following table shows the capitalisation of the Company as at 31 July 2013 (being the date at which the audited financial information in Part V has been produced).

<i>Shareholders' equity (£'000)</i>	<i>As at 31 July 2013</i>
Share capital	137,635
Capital reserves	595
Revenue reserves	261
	<hr/>
	138,491
	<hr/> <hr/>

As at the date of this Prospectus, the Company has nil net indebtedness.

12. Investment restrictions

- 12.1 The Company will manage and invest its assets in accordance with its investment policy as disclosed in Part I of this Prospectus and will comply with the following investment restrictions for so long as they remain requirements of the UK Listing Authority:
- 12.1.1 the Company must not conduct a trading activity which is significant in the context of its group as a whole (this does not prevent the businesses forming part of the Portfolio from conducting trading activities themselves); and
 - 12.1.2 the Company will not invest in other listed closed-ended investment funds except for listed closed-ended investment funds which themselves have published investment policies to invest no more than 15 per cent. of their total assets in other listed closed-ended funds.
- 12.2 The Company will, 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 investment policy set out in Part I of this Prospectus.
- 12.3 Any material changes to the Company's investment policy, as set out above, will only be made with the approval of Shareholders, as required under the Listing Rules.

13. Documents available for inspection

- 13.1 Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and Public Holidays excepted) from the date of this Prospectus until 19 September 2014:
- 13.1.1 the Memorandum and Articles of Incorporation of the Company;
 - 13.1.2 this Prospectus; and
 - 13.1.3 the material contracts summarised in paragraph 5 of this Part VIII of the Prospectus.

In addition, a copy of this document has been submitted to the National Storage Mechanism and is available for inspection at: <http://www.morningstar.co.uk/uk/nsm>.

Dated 20 September 2013

PART IX

GLOSSARY OF SELECTED TERMS

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

“2010 PD Amending Directive”	Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market
“Administration Agreement”	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 5.2 of Part VIII of this Prospectus
“Administrator”	JPM Administration Services (CI) Limited, and/or such other person or persons from time to time appointed by the Company
“Admission”	admission of the Placing Shares issued pursuant to the Placing Programme to trading on the London Stock Exchange’s Main Market becoming effective in accordance with the LSE Admission Standards and admission of the Placing Shares to listing on the premium segment of the Official List becoming effective in accordance with the Listing Rules
“AIC”	the Association of Investment Companies
“AIC Code”	the AIC Code of Corporate Governance
“AIFM Directive”	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010
“Articles”	the articles of incorporation of the Company
“Auditors”	Ernst & Young LLP, and/or such other person or persons from time to time appointed by the Company
“Board”	the board of directors of the Company
“Business Day”	a day on which the London Stock Exchange and banks in Guernsey are normally open for business
“C Share”	an ordinary share of no par value in the capital of the Company issued as a “C Share” of such class (denominated in such currency) as the Directors may determine in accordance with the Articles, and having such rights and being subject to such restrictions as are contained in the Articles and which will convert into Ordinary Shares in accordance with the terms of the Articles
“certificated” or “in certificated form”	not in uncertificated form
“Commission” or “GFSC”	the Guernsey Financial Services Commission
“Companies Law”	the Companies (Guernsey) Law, 2008, as amended

“Company”	JPMorgan Global Convertibles Income Fund Limited, a non-cellular company limited by shares incorporated in Guernsey under the Companies Law on 7 May 2013 with registered number 56625
“Continuation Resolution”	has the meaning given in Part I of this Prospectus
“CREST”	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755) of the United Kingdom
“CREST Guernsey Requirements”	Rule 8 and such other rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the CREST Manual
“CREST Manual”	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI No. 2001/3755) and the CREST Guernsey Requirements
“Custodian”	JPMorgan Chase Bank, NA, Worldwide Securities Services, and/or such other person or persons from time to time appointed by the Company as custodian of the Company’s assets
“Custody Agreement”	the custody agreement between the Company and the Custodian, a summary of which is set out in paragraph 5.3 of Part VIII of this Prospectus
“Directors” or “Board”	the directors of the Company
“Disclosure and Transparency Rules” or “DTRs”	the disclosure rules and transparency rules made by the FCA under Part VI of FSMA
“EEA”	the European Economic Area
“Effective Interest Rate”	the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability
“ERISA”	the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
“EU”	the European Union
“EU Savings Directive”	Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments
“Euro” or “€”	the lawful currency of the EU
“Euroclear”	Euroclear UK & Ireland Limited
“extraordinary resolution”	a resolution of the Company or Shareholders passed as an extraordinary resolution in accordance with the Articles (i) at a meeting, by a majority of not less than seventy five per cent. of the votes of the Shareholders entitled to vote and voting in person or

	by attorney or by proxy, or (ii) in writing, by seventy five per cent. of the total voting rights of Shareholders entitled to vote at the date of circulation of the resolution
“Financial Conduct Authority” or “FCA”	the UK Financial Conduct Authority
“FSMA”	the UK Financial Services and Markets Act 2000, as amended
“GFSC Code”	the GFSC’s Finance Sector Code of Corporate Governance, as amended from time to time
“GMAG”	the Investment Manager’s Global Multi Asset Group, as described in Part VI of this Prospectus
“Gross Asset Value”	the total value of the assets of the Company as determined in accordance with the accounting principles adopted by the Directors
“Gross Issue Proceeds”	the aggregate value of the Shares issued at launch at the Issue Price
“IFRS”	the International Financial Reporting Standards as adopted by the EU
“Investment Management Agreement”	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 5.1 of Part VIII of this Prospectus
“Investment Manager”	JPMorgan Asset Management (UK) Limited
“IPO Issue”	the IPO Placing and the offer for subscription of Shares at the Issue Price at launch
“IPO Placing”	the placing of Shares at the Issue Price at launch
“IPO Placing Agreement”	the conditional agreement between the Company, the Investment Manager and Winterflood Securities, a summary of which is set out in paragraph 5.5 of Part VIII of this Prospectus
“IRS”	U.S. Internal Revenue Service
“ISA”	an individual savings account
“ISIN”	International Securities Identification Number
“Issue Price”	£1.00 per Share
“Listing Rules”	the listing rules made by the UK Listing Authority pursuant to Part VI of FSMA
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“LSE Admission Standards”	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Main Market
“Main Market”	the London Stock Exchange’s main market for listed securities
“Memorandum”	the memorandum of incorporation of the Company
“Model Code”	the Model Code for directors’ dealings contained in the Listing Rules

“Net Asset Value” or “NAV”	the Gross Asset Value of the Company less its liabilities (including accrued but unpaid fees) determined by the Directors in their absolute discretion in accordance with the accounting principles adopted by the Directors
“Net Asset Value per Share” or “NAV per Share”	the Net Asset Value of the Company divided by the number of Shares at the relevant time and expressed in Sterling
“Non-Qualified Holder”	any person whose ownership of Shares (i) may result in the U.S. Plan Threshold being exceeded causing the Company’s assets to be deemed “plan assets” for the purpose of ERISA or the U.S. Tax Code; (ii) may cause the Company to be required to register as an “investment company” under the U.S. Investment Company Act (including because the holder of the shares is not a “qualified purchaser” as defined in the U.S. Investment Company Act) or to lose an exemption or a status thereunder to which it might be entitled; (iii) may cause the Company to have to register under the U.S. Exchange Act or any similar legislation; (iv) may cause the Company not to be considered a “Foreign Private Issuer” as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; (v) may result in a person holding shares in violation of the transfer restrictions put forth in any prospectus published by the Company, from time to time; or (vi) may cause the Company to be a “controlled foreign corporation” for the purposes of the U.S. Tax Code
“Official List”	the list maintained by the UK Listing Authority pursuant to Part VI of FSMA
“ordinary resolution”	a resolution of the Company passed as an ordinary resolution in accordance with the Companies Law (i) at a meeting, by a simple majority of the votes of Shareholders entitled to vote and voting in person or by attorney or by proxy, or (ii) in writing, by a simple majority of the total voting rights of Shareholders entitled to vote at the date of circulation of the resolution
“Placee”	a person subscribing for Shares under the Placing
“Placing”	any placing of Placing Shares to one or more investors made pursuant to the Placing Programme
“Placing Agreement”	the conditional agreement between the Company, the Investment Manager and Winterflood Securities, a summary of which is set out in paragraph 5.4 of Part VIII of this Prospectus
“Placing Programme”	the proposed programme of Placings of up to 150 million Shares, as described in this Prospectus
“Placing Price”	the issue price of the Placing Shares, as set out in further detail in the section entitled “Placing Price” in Part IV of this Prospectus
“Placing Shares”	Shares to be issued for cash pursuant to the Placing Programme
“Portfolio”	at any time, the portfolio of assets and investments in which the assets of the Company are invested
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market in the EU

“Prospectus Rules”	the prospectus rules made by the UK Listing Authority under section 73(A) of FSMA
“RCIS Rules 2008”	the Registered Collective Investment Scheme Rules 2008 issued by the GFSC
“Registrar”	Capita Registrars (Guernsey) Limited or such other person or persons from time to time appointed by the Company
“Registrar Agreement”	the agreement between the Company and the Registrar, a summary of which is set out in paragraph 5.6 of Part VIII of this Prospectus
“Regulation S”	Regulation S promulgated under the U.S. Securities Act
“Relevant Member State”	each member state of the European Economic Area which has implemented the Prospectus Directive
“RIS”	a regulatory information service
“Risk Factors”	the risk factors pertaining to the Company set out on pages 16 to 28 of this Prospectus
“SDRT”	UK Stamp Duty Reserve Tax
“SEC”	The U.S. Securities and Exchange Commission
“SEDOL”	the Stock Exchange Daily Official List
“Share” or “Ordinary Share”	an ordinary share of no par value in the capital of the Company issued as an “Ordinary Share” of such class (denominated in such currency) as the Directors may determine in accordance with the Articles and having such rights and being the U.S. Securities and Exchange Commission subject to such restrictions as are contained in the Articles, and/or the Placing Shares, as applicable
“Shareholder”	a holder of Shares
“SIPP”	a self-invested personal pension
“SSAS”	a small self-administered scheme
“Sterling” or “£”	the lawful currency of the United Kingdom
“Takeover Code”	the City Code on Takeovers and Mergers, as amended from time to time
“TIOPA”	the Taxation (International and Other Provisions) Act 2010
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code as published by the Financial Reporting Council
“UK Listing Authority”	the Financial Conduct Authority as the competent authority for listing in the United Kingdom
“uncertificated” or “in uncertificated form”	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“United States” or “U.S.”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“U.S. Dollar” or “\$”	the lawful currency of the United States

“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended
“U.S. Investment Company Act”	the U.S. Investment Company Act of 1940, as amended
“U.S. Person”	has the meaning given in Regulation S under the Securities Act
“U.S. Plan Asset Regulations”	the regulations promulgated by the U.S. Department of Labor at 29 CFR 2510.3-101, as modified by section 3(42) of ERISA
“U.S. Plan Investor”	(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 Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the Code; or (iii) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in the preceding clause (i) or (ii) in such entity pursuant to the U.S. Plan Asset Regulations
“U.S. Plan Threshold”	ownership by benefit plan investors, as defined under section 3(42) of ERISA, in the aggregate of 25 per cent. or more of the value of any class of equity in the Company (calculated by excluding the value of any equity interest held by any person (other than a benefit plan investor, as defined under section 3(42) of ERISA) that has discretionary authority or control with respect to the assets of the Company or that provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person); the term shall be amended to reflect such new ownership threshold that may be established by a change in the U.S. Plan Asset Regulations or other applicable law
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended
“U.S. Tax Code”	the U.S. Internal Revenue Code of 1986, as amended
“U.S. Treasury”	the U.S. Department of the Treasury
“Winterflood Securities”	Winterflood Securities Limited

