Majedie

2019

# Majedie Investments PLC

## Annual Report

30 September 2019

# Contents



## Cautionary statement regarding forward-looking statements

This Annual Report has been prepared for the members of Majedie Investments PLC (the Company) and no one else. The Company, its Directors or agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed.

This Annual Report contains certain forward-looking statements with respect to the principal risks and uncertainties facing the Company. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward looking statements reflect the knowledge and information available at the date of preparation of this Annual Report and will not be updated during the year. Nothing in this Annual Report should be construed as a profit forecast.

## Investment Objective

The Company's investment objective is to maximise total shareholder return whilst increasing dividends by more than the rate of inflation over the long term.

| Highlights | 2019 | 2018 |
|---|---|---|
| Total shareholder return (including dividends): | -3.5% | 2.1% |
| Net asset value total return (debt at fair value including dividends): | -9.9% | 2.7% |
| Net asset value total return (debt at par including dividends): | -9.3% | 0.9% |
| Total dividends (per share): | 11.40p | 11.00p |
| Directors' valuation of investment in Majedie Asset Management Limited: | £40.8m | £58.7m |

# Year's Summary

| Capital Structure | Note | 2019 | 2018 | % |
|---|---|---|---|---|
| As at 30 September | | | | |
| Total assets | 1 | £175.6m | £199.2m | -11.8 |
| Which are attributable to: | | | | |
| Debenture holders (debt at par value) | 2 | £20.5m | £20.5m | |
| Equity Shareholders | | £155.1m | £178.6m | -13.2 |
| Gearing | 4 | 11.5% | 10.0% | |
| Potential Gearing | 4 | 13.2% | 11.5% | |
| Total returns (capital growth plus dividends) | 5 | | | |
| Net asset value per share (debt at par value) | 3 | -9.3% | +0.9% | |
| Net asset value per share (debt at fair value) | 3 | -9.9% | +2.7% | |
| Share price | | -3.5% | +2.1% | |
| Capital returns | | | | |
| Net asset value per share (debt at par value) | 3 | 292.3p | 334.3p | -12.6 |
| Net asset value per share (debt at fair value) | | 283.1p | 326.2p | -13.2 |
| Share price | | 256.0p | 277.5p | -7.7 |
| Discount of share price to net asset value per share | | | | |
| Debt at par value | | 12.4% | 17.0% | |
| Debt at fair value | | 9.6% | 14.9% | |
| Revenue and dividends | | | | |
| Net revenue available to Equity Shareholders | | £6.9m | £6.7m | |
| Net revenue return per share | | 12.9p | 12.5p | +3.2 |
| Total dividends per share | | 11.40p | 11.00p | +3.6 |
| Total administrative expenses and management fees | | £1.7m | £1.7m | |
| Ongoing Charges Ratio | 6 | 1.3% | 1.3% | |

Notes:

Alternative Performance Measures (APM) definitions used in the Annual Report are as follows:

1. **Total Assets:** Total assets are defined as total assets less current liabilities.
2. **Debt at par or fair value:** Par value is the carrying value of the debenture which will equate to the nominal value at maturity. Fair value is the estimated market value the Company would pay (on the relevant reporting date), as a willing buyer, to a debenture holder, as a willing seller, in an arms-length transaction.
3. **Net Asset Value:** The Net Asset Value (NAV) is the value of all of the Company's assets less all liabilities. The NAV is usually expressed as an amount per share.
4. **Gearing and Potential Gearing:** Gearing represents the amount of borrowing that a company has and is calculated using the Association of Investment Companies (AIC) guidance. It is usually expressed as a percentage of equity shareholders' funds and a positive percentage or ratio above one shows the extent of the level of borrowings. Gearing is calculated as borrowings less net current assets to arrive at a net borrowings figure. Potential Gearing excludes cash from the calculation. Details of the calculation for the Company are in note 22 on page 85.
5. **Total Return:** Total returns include any dividends paid as well as capital returns as a result of an increase or decrease in a company's share price or NAV.
6. **Ongoing Charges Ratio (OCR):** Ongoing charges are a measure of the normal ongoing costs of running a company. Further information is shown in the Business Review section of the Strategic Report on page 20.
7. **Adjusted Capital and Reserves:** This is as defined in the debenture Trust Deed. It essentially removes unrealised gains from reserves (see investment policy on page 18).
8. **Adjusted Equity Shareholders' Funds:** Equity Shareholders' Funds restated to include debt at its fair value, rather than par value (see note 18 on page 77).

| Year's high/low | | 2019 | 2018 |
|---|---|---|---|
| Share price | high | 283.0p | 308.0p |
| | low | 236.0p | 272.0p |
| Net asset value – debt at par | high | 344.3p | 344.3p |
| | low | 292.3p | 315.6p |
| Discount – debt at par | high | 23.7% | 17.6% |
| | low | 10.8% | 8.0% |
| Discount – debt at fair value | high | 21.5% | 15.1% |
| | low | 8.3% | 5.5% |

# Ten Year Record

to 30 September 2019

| Year End | Total Assets £000 | Equity shareholders' Funds £000 | NAV Per Share (Debt at par value) Pence | Share Price Pence | Discount % | Earnings Pence | Total Dividend** Pence | Gearing† % | Potential Gearing† % | Ongoing Charges Ratio# % |
|---|---|---|---|---|---|---|---|---|---|---|
| 2009 | 157,943 | 124,181 | 238.7 | 189.8 | 20.51 | 8.14 | 10.50 | 17.22 | 27.19 | 1.71 |
| 2010 | 150,940 | 117,159 | 225.2 | 191.5 | 15.00 | 11.83 | 13.00 | 24.11 | 28.83 | 1.85 |
| 2011 | 145,683 | 111,634 | 214.5 | 139.5 | 34.96 | 4.66 | 10.50 | (1.72) | 30.28 | 1.92 |
| 2012 | 146,057 | 112,234 | 215.6 | 155.8 | 27.74 | 4.90 | 10.50 | 9.24 | 30.14 | 1.83 |
| 2013 | 159,013 | 125,166 | 240.5 | 160.0 | 33.47 | 6.80 | 10.50 | 21.47 | 27.04 | 1.73 |
| 2014 | 167,934 | 134,061 | 256.7 | 229.0 | 10.79 | 9.36 | 7.50 | 23.39 | 25.27 | 1.66 |
| 2015 | 183,708 | 149,807 | 281.9 | 257.3 | 8.74 | 9.42 | 8.00 | 21.25 | 22.63 | 1.88 |
| 2016 | 203,917 | 169,986 | 318.1 | 257.1 | 19.18 | 9.25 | 8.75 | 18.46 | 19.96 | 1.58 |
| 2017 | 216,507 | 182,544 | 341.6 | 281.5 | 17.59 | 11.14 | 9.75 | 17.09 | 18.61 | 1.54 |
| 2018 | 199,151 | 178,626 | 334.3 | 277.5 | 16.99 | 12.47 | 11.00 | 10.01 | 11.49 | 1.33 |
| 2019 | 175,621 | 155,074 | 292.3 | 256.0 | 12.42 | 12.92 | 11.40 | 11.50 | 13.25 | 1.34 |

Notes:

† Calculated in accordance with AIC guidance.

# As of May 2012, under AIC guidance, Ongoing Charges Ratio replaced previous cost ratios.

** Dividends disclosed represent dividends that relate to the Company's financial year. Under International Financial Reporting Standards (IFRS) dividends are not accrued until paid or approved. Total dividends include special dividends paid, if any.

# Strategic Report

## Chairman's Statement

In the year ended 30 September 2019 the NAV at par and NAV at fair value (net asset value with debt at par and fair value) fell by 9.3% and 9.9% respectively on a total return basis. The share price fell by 3.5% also on a total return basis. The FTSE All-Share Index and MSCI World Index (in Sterling terms) rose by 2.7% and 7.3% respectively, on a total return basis.

### Results and Dividends

The Company had a capital loss for the twelve months to 30 September 2019 of £23.4m, which reflects a write down in the carrying value of Majedie Asset Management (MAM) to £40.8m and underperformance of the MAM UK Equity Segregated Portfolio, the MAM UK Income Fund and the MAM Tortoise Fund. The MAM Global Funds and MAM US Equity Fund out-performed their respective benchmarks. The total income from investments was £8.0m compared to £7.9m in 2018. The dividend received from MAM was £4.6m, the same as in 2018, whilst the income from the MAM Funds, including the MAM UK Equity Segregated Portfolio, was higher by £0.1m. Total administration expenses and management fees were similar to 2018 at £1.7m. Finance costs were £1.5m, £0.3m lower than in 2018, reflecting a full year effect for the repayment of the 2020 Debenture in December 2017.

The ongoing charges ratio (OCR) is 1.3%. The self-managed nature of the Company and its size mean costs are higher than the peer group, though the investment management fees that are paid to MAM, and which are included in the OCR, are more than offset by the dividend received from MAM. Costs remain a key focus for the Board. The OCR will reduce in the year to 30 September 2020 due to lower investment management fees charged by MAM from 1 October 2019.

The net revenue return after tax increased from £6.7m in the year to 30 September 2018 to £6.9m in the year to 30 September 2019. The interim dividend was increased from 4.0p to 4.4p and the Board is recommending a final dividend of 7.0p, which is an increase of 3.6% for the full year. The final dividend will be payable on 28 January 2020 to shareholders on the register at 10 January 2020.

### Performance and Asset Allocation

The Company's asset allocation gives exposure to funds managed by a highly regarded boutique fund manager across all geographies as well as a stake of 17.2% in the manager. No shares in MAM have been traded by the Company during the period. The Company's percentage holding in MAM has increased from 17.1% in 2018 following a small buyback of stock, for cancellation, by MAM from other shareholders in September 2019.

The NAV performance of the Company has been disappointing for four main reasons.

First, the reduction in the value of the Company's holding in MAM. The fair value is calculated with reference to a longstanding formulaic methodology, based on three-year historic earnings and surplus cash held on the balance sheet after deducting regulatory capital. However, in light of lower current market multiples for fund management companies due to industry-wide fee pressures, outflows from equity mandates and, specific to MAM, a strategic reduction in investment management fees, the weaker recent performance of certain of its funds and net outflows of assets under management, the Board felt it appropriate to reduce the valuation. The current valuation represents a discount to the formulaic valuation of 35%. Since 2003, the Company's investment in MAM has been very successful both in terms of dividends received by the Company and capital growth and the Board is confident of a return to growth by MAM in the future. It remains a highly regarded boutique fund manager with over 60 employees and 18 investment professionals.

Secondly, the MAM UK Equity Segregated Portfolio and MAM UK Income Fund have both underperformed the FTSE All Share Index during the period. In the context of the managers' excellent long term track record this performance is disappointing, but the managers have positioned the portfolio with a UK domestic bias and invested in companies that, whilst backed by low valuations and strong free cash flows, are currently unloved by the market due to uncertainty over Brexit. In time, as fundamentals assert themselves, we believe that our patience will be rewarded.

Thirdly, the Company's asset allocation is more UK-centric than its peers and since the Brexit vote the UK market has under-performed Global markets. The political vacuum in the UK has irked investors to the extent that the UK market is at its lowest relative valuation in thirty years. At the time of writing, a UK General Election has been called and its outcome, it is hoped, will provide some clarity over both Brexit and future policy direction after twelve months of political turmoil. Overseas corporates have taken this opportunity along with weak Sterling to acquire cheap UK assets. The current valuation of the UK market provides a good opportunity for strong future performance and is currently discounting, too heavily, we believe, many of the political and economic issues.

Fourthly, the Company's holding in the MAM Tortoise Fund, a global equity absolute return fund that has a value style bias has performed poorly in the momentum driven markets that prevailed in 2019. The MAM Tortoise Fund is held to reduce the downside volatility of the Company's assets in volatile markets and is defensively positioned.

The MAM Global Funds and the MAM US Equity Fund, which together account for 24.0% of net assets, have performed well. They now have attractive performance records and have reached their fifth anniversary since launch which is an important milestone to market the Funds to potential investors.

In response to the Company's shares trading at a wide discount throughout much of the year, we bought back 383,517 shares at a total cost of £0.9m at an average discount of 18.8% to net asset value. The Board will continue to monitor the discount and take appropriate action, although we are aware that discounts have widened across the sector.

## Board

Sadly Andrew Adcock, who had joined the Board in 2008 and became Chairman in 2010, passed away in January 2019. Andrew's contribution to the Company has been immense and he is much missed by the Company and his colleagues.

I joined the Board in September 2011, became interim Chairman in December 2018 and Chairman on the passing of Andrew. I stepped down as Chairman of the Audit Committee in May 2019 on Mark Little's appointment.

Jane Lewis joined the Board as a Non Executive Director in January 2019. Jane brings a deep knowledge and understanding of Investment Companies, having worked in the sector for over twenty years. She was a director of corporate finance and broking at Winterflood Securities until 2013 and is a Non Executive Director of a number of Investment Companies.

Mark Little joined the Board as a Non Executive Director in May 2019 and was appointed Chairman of the Audit Committee. Mark is qualified as an accountant and has extensive knowledge of the investment industry as a former Managing Director of Barclays Wealth (Scotland and Northern Ireland) and is currently an investment director at Seven Investment Management. He is a Non Executive Director of a number of Investment Companies.

Non Executive Director appointments were made using an external search firm as disclosed on page 32.

We intend to recruit a further new Non Executive Director during the coming year and, following their appointment, Paul Gadd will retire.

## AGM

The AGM will be held on 22 January 2020 at 12.00 at the City of London Club, London EC2N 1DS. Details are set out in the notice of meeting on page 88. There will be presentations from the CEO and MAM and there will be an opportunity to ask questions. I hope you will be able to attend.

R David C Henderson
Chairman
10 December 2019

# Chief Executive's Report

The Company's assets are allocated at the discretion of the Board between a number of investment strategies managed by MAM and the Company retains an equity holding in MAM of 17.2%. The Company has no overall benchmark; rather each fund has its own benchmark. The monthly factsheets of each of the relevant MAM funds are available on the Company's website. The Company's total assets at 30 September 2019 were £175.6m, as defined on page 2. There were no sales of MAM shares during the year.

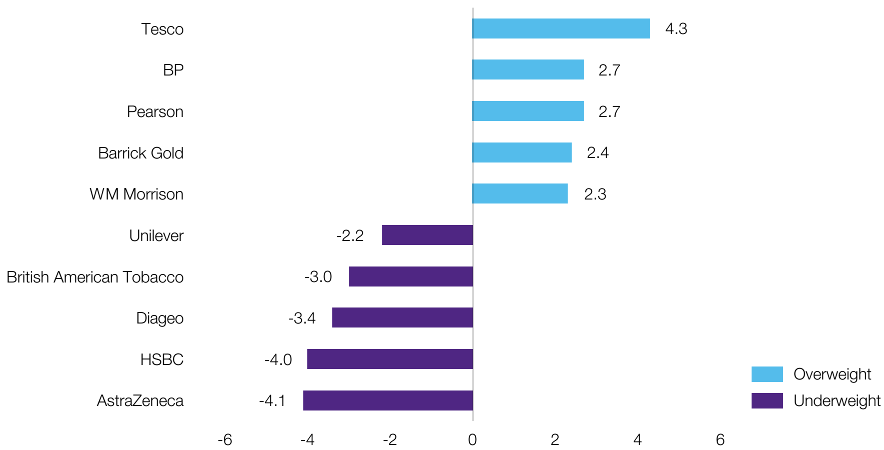
On 1 July 2019, Link Fund Solutions was appointed Authorised Corporate Director (ACD) of the MAM UK Funds replacing MAM. There is no impact on the Company's investments and we continue to refer to them using their previous names.

## MAM Funds and Investment Performance

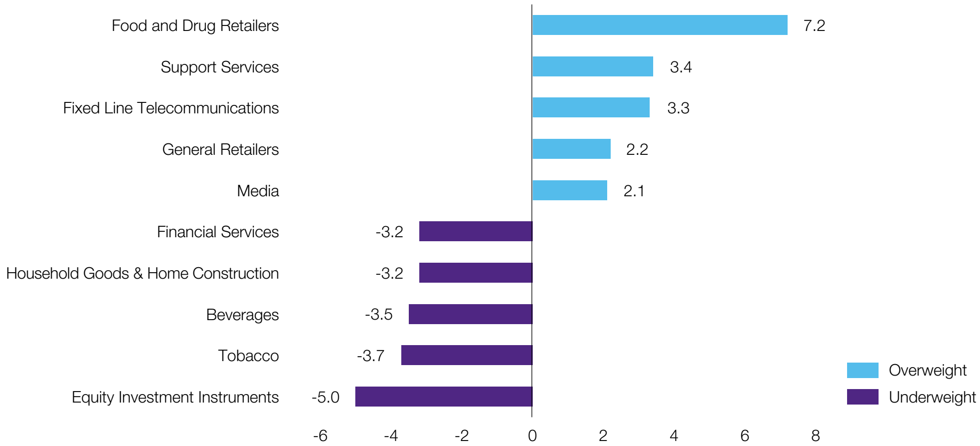
The MAM UK Equity Fund is the flagship product of MAM, having started in March 2003, and since inception to 30 September 2019 has returned 11.2% per annum net of fees with a relative outperformance against its benchmark, the FTSE All-Share Index, of 2.4% per annum. The Company's assets are invested in a segregated portfolio that is managed pari passu to the MAM UK Equity Fund. The funds are predominantly invested in UK equities with overseas equities limited to 20% and the strategy incorporates a dedicated allocation to UK smaller companies. The sum invested in the MAM UK Equity Segregated Portfolio at 30 September 2019 was £54.1m which represents 30.8% of the Company's total assets.

In the year to 30 September 2019 the MAM UK Equity Segregated Portfolio returned -3.0% net of fees, which is an under-performance of 5.7% against its benchmark. At the sector level the largest positive contributors to performance over the year were Industrial Mining, Tobacco and Travel and Leisure (all underweight) and Fixed Line Telecommunications and Healthcare Equipment (both overweight) whilst the detractors were the MAM Smaller Companies Fund, Utilities, General Retailers, Food Retailers and Oil Equipment (all overweight). Positive stock contributors were Barrick Gold, Serco and Rentokil (all overweight) and British American Tobacco and Glencore (both not held) whilst negative contributors were Centrica, Valaris and Wm Morrison (all overweight) and Astra Zeneca and Diageo (both not held).

The table below shows the principal overweight and underweight stock positions of the MAM UK Equity Segregated Portfolio at 30 September 2019 relative to the FTSE All-Share Index in %.

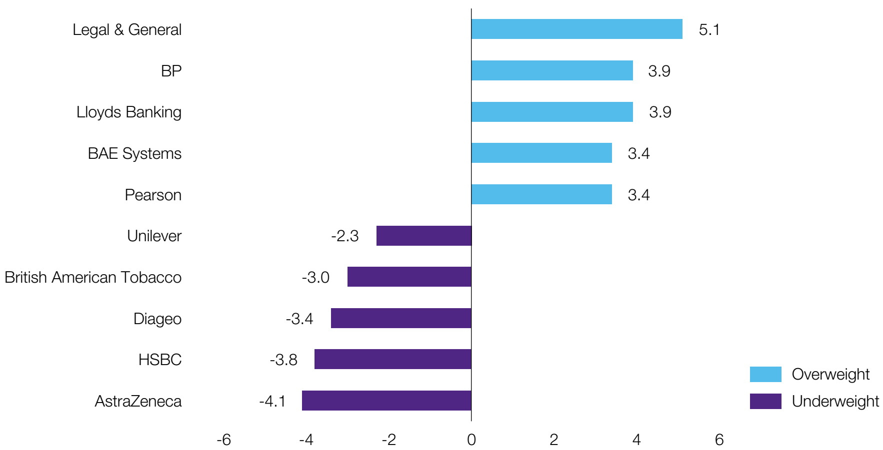


The table below shows the principal overweight and underweight sector positions of the MAM UK Equity Segregated Portfolio at 30 September 2019 relative to the FTSE All-Share Index in %.



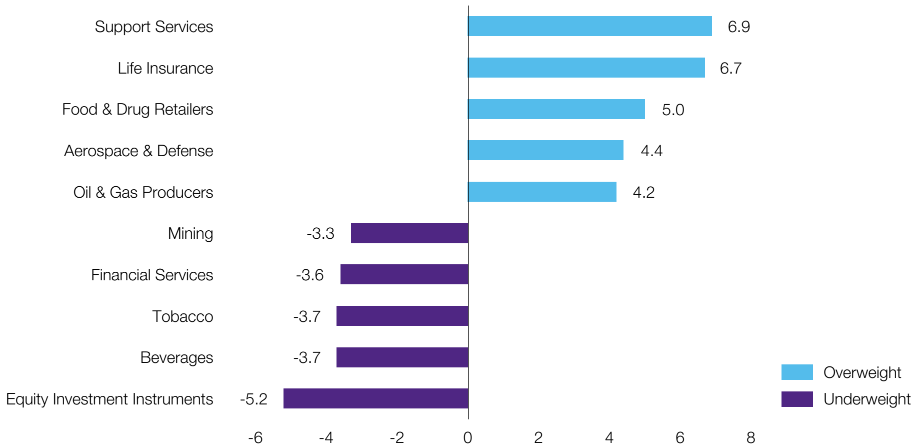

The MAM UK Income Fund started in December 2011. Its objective is to maintain an attractive yield whilst outperforming the FTSE All-Share Index over the longer term, with up to 20% of the Fund invested in overseas equities. The historic yield is 5.1%. Since inception to 30 September 2019 the Fund has returned 11.6% per annum net of fees, which is an outperformance of 2.6% per annum against its benchmark. At 30 September 2019 the Company has an allocation to the Fund of £14.3m, which represents 8.1% of the Company's total assets. In the year to 30 September 2019 the Fund returned -4.4% net of fees which represents an underperformance against its benchmark of 7.1%. At the sector level the largest positive contributors to performance over the year were Tobacco, General Retailers and Chemicals (all underweight) and Aerospace and Food Producers (both overweight), whilst the detractors were Utilities, Oil and Mobile Telephony (all overweight) and Beverages and REITS (both underweight). Positive stock contributors were Roche, Meggitt and Daily Mail & General Trust (all overweight) and British American Tobacco and Glencore (both not held) whilst negative contributors were Centrica, Vodafone and Aviva (all overweight) and Astra Zeneca and Diageo (both not held).

The table below shows the principal overweight and underweight stock positions of the MAM UK Income Fund at 30 September 2019 relative to the FTSE All-Share Index in %.



# Chief Executive's Report

The table below shows the principal overweight and underweight sector positions of the MAM UK Income Fund at 30 September 2019 relative to the FTSE All-Share Index in %.

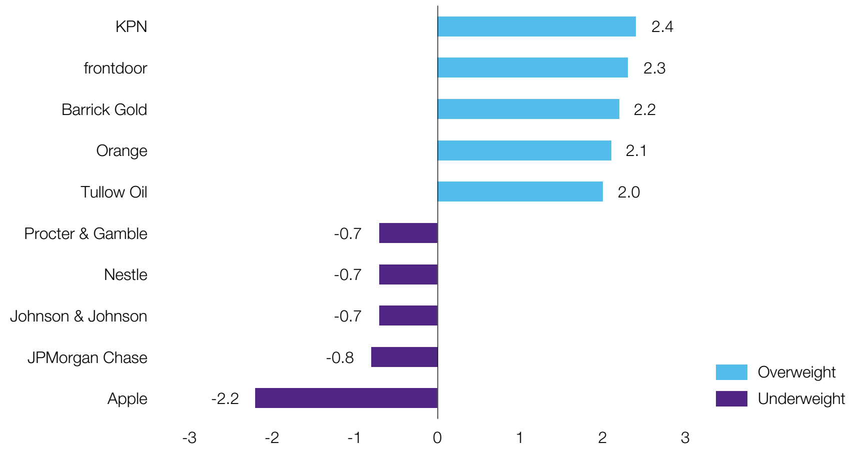



The MAM Global Equity and Global Focus Funds were launched in June 2014. Their objectives are to provide a total return in excess of the MSCI All Country World Index over the long term through investment in a diversified portfolio (Global Equity Fund) or concentrated portfolio (Global Focus Fund) of global equities including emerging markets. Since inception the Funds have returned 13.2% and 12.8% per annum net of fees for the Sterling share classes, which represents an outperformance of 0.6% per annum for the MAM Global Equity Fund and 0.2% per annum for the MAM Global Focus Fund against their benchmark, the MSCI All Country World Index. At 30 September 2019 the Company had allocations of £24.0m and £8.3m respectively in the MAM Global Equity Fund and MAM Global Focus Fund, representing 13.7% and 4.7% of total assets. In the year to 30 September 2019 the Funds returned 9.5% and 9.8% net of fees respectively, which represents an outperformance of 2.2% and 2.5%.

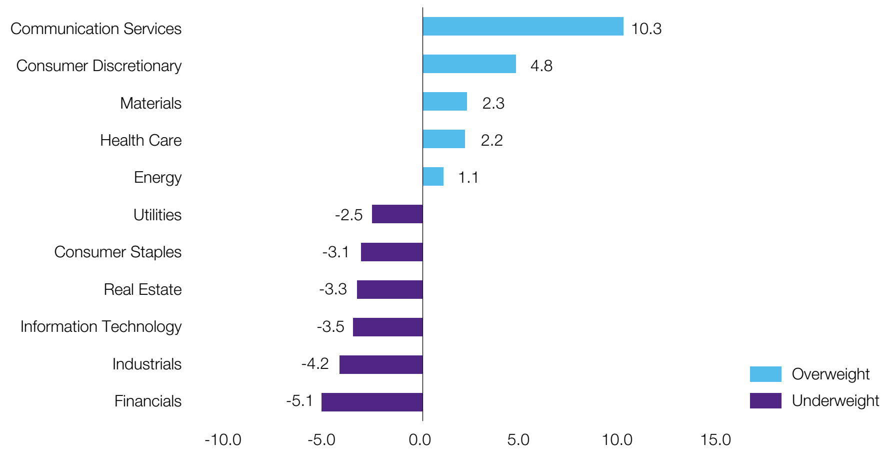
For the MAM Global Equity Fund at the sector level, the largest positive contributors were Consumer Discretionary, Healthcare and Materials (all overweight) and Financials and Industrials (both underweight); detractors were Energy, Telecommunications (both overweight) and Consumer Staples, Real Estate and Utilities (all underweight). Positive stock contributors were Mercadolibre, Barrick Gold, New Oriental Education, frontdoor and KPN (all overweight); detractors were Softbank, Baidu, Tullow Oil, Mosaic and SQM (all overweight).

For the MAM Global Focus Fund, the largest positive contributors at a sector level were Consumer Discretionary and Materials (both overweight) and Financials, Healthcare and Industrials (all underweight); the detractors were Energy, Telecommunications and Consumer Staples (all overweight) and Real Estate and Utilities (both underweight). Positive stock contributors were frontdoor, Barrick Gold, KPN, New Oriental Education and Dollar General (all overweight); detractors were Softbank, Mosaic, Tullow Oil, Diamond Offshore Drilling and Royal Dutch Shell (all overweight).

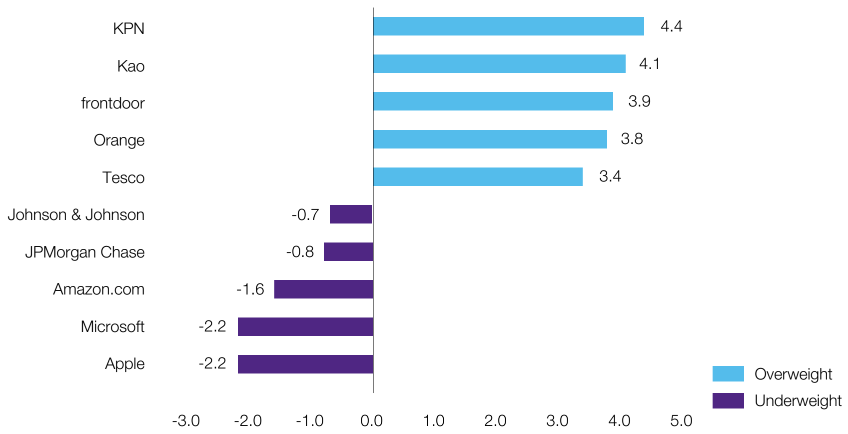
The table below shows the principal overweight and underweight stock positions of the MAM Global Equity Fund at 30 September 2019 relative to the MSCI All Country World Index, in %.



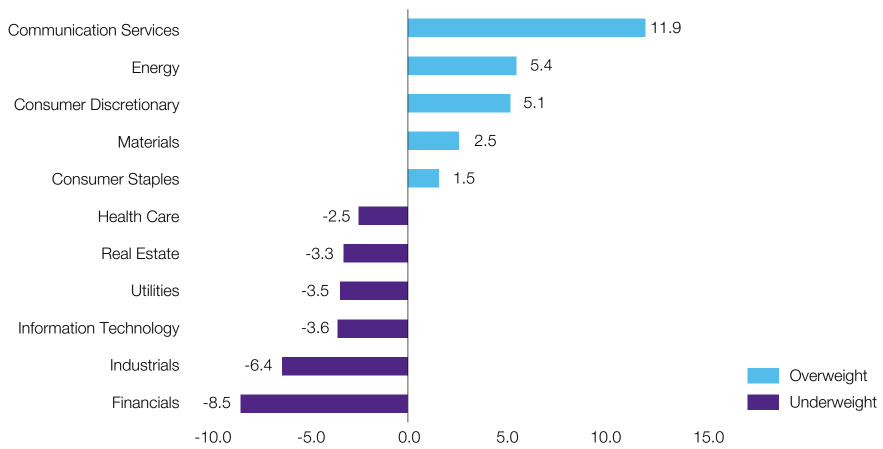

The table below shows the principal overweight and underweight sector positions of the MAM Global Equity Fund at 30 September 2019 relative to the MSCI All Country World Index, in %.



The table below shows the principal overweight and underweight stock positions of the MAM Global Focus Fund at 30 September 2019 relative to the MSCI All Country World Index, in %.

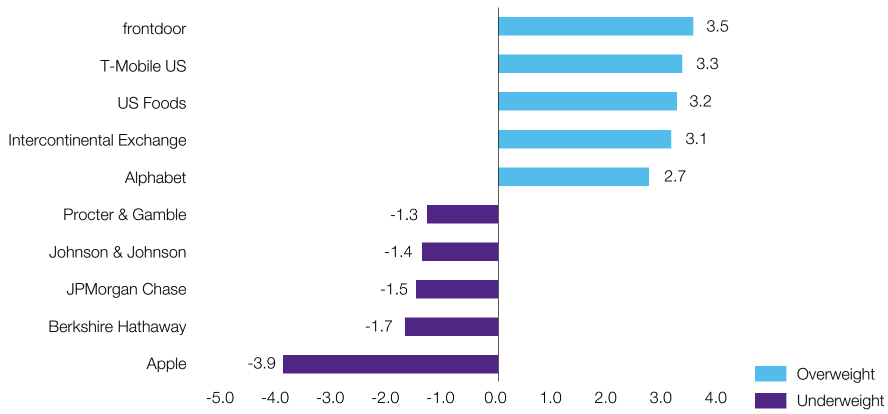



The table below shows the principal overweight and underweight sector positions of the MAM Global Focus Fund at 30 September 2019 relative to the MSCI All Country World Index, in %.

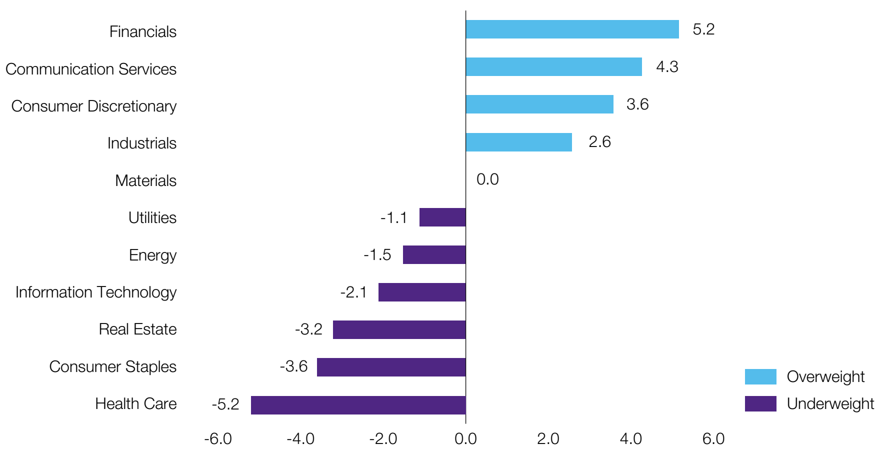



The MAM US Equity Fund was launched in June 2014. Since inception to 30 September 2019 the Fund has returned 16.2% per annum net of fees for the Sterling share class. This represents an underperformance of 0.6% per annum against its benchmark the S&P 500 Index. At 30 September 2019 the Company had an allocation of £9.9m in the Fund, which represents 5.6% of total assets, and in the year to 30 September 2019 the Fund returned 16.3% net of fees, which represents an outperformance of 6.6%. At the sector level the largest positive contributors were Financials, Consumer Discretionary and Telecommunications (all overweight) and Industrials and Information Technology (both underweight); detractors were Real Estate and Consumer Staples (both underweight). Positive stock contributors were frontdoor, Booz Allen Hamilton, Dollar General, American Electric Power and US Foods (all overweight); detractors were Parsley Energy, Cognizant Technology Solutions and LKQ (all overweight) and Proctor & Gamble (not held).

The table below shows the principal overweight and underweight stock positions of the MAM US Equity Fund at 30 September 2019 relative to the S&P 500 Index, in %.



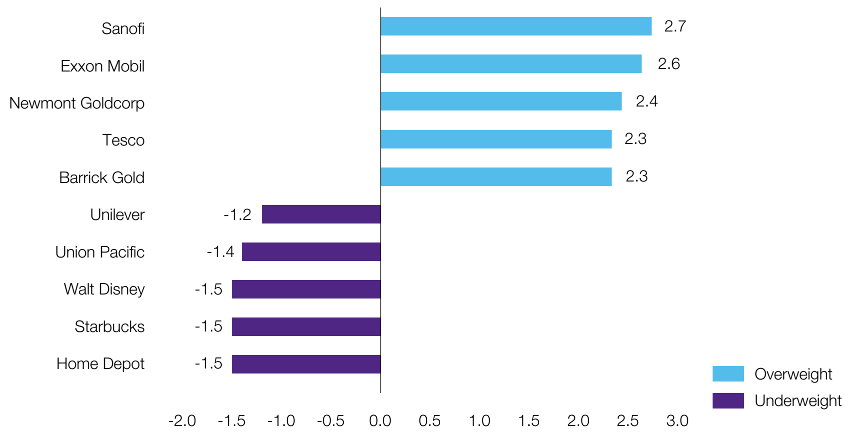

The table below shows the principal overweight and underweight sector positions of the MAM US Equity Fund at 30 September 2019 relative to the S&P 500 Index, in %.



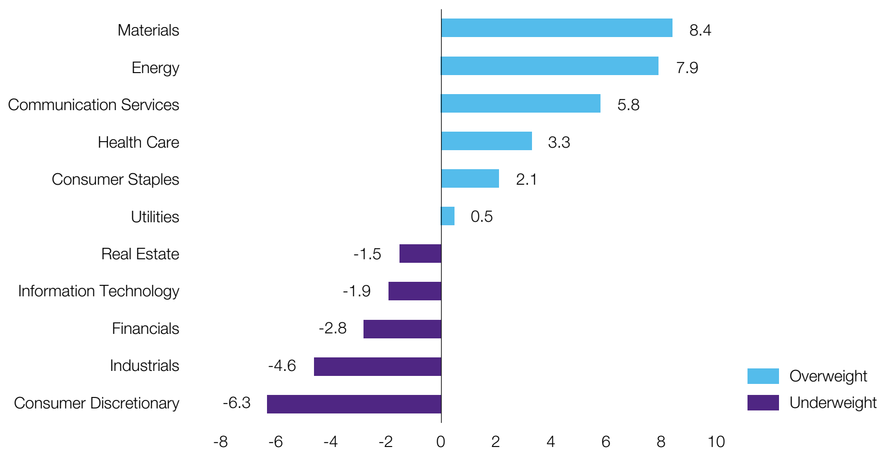

The MAM Tortoise Fund is a global equity absolute return product which started in August 2007. Its objective is to achieve positive absolute returns in all market conditions, through investment primarily in long and synthetic short positions in equities over rolling three year periods, with less volatility than a conventional long-only equity fund. Since inception the Fund has returned 5.4% per annum net of fees. At 30 September 2019, the Company had an allocation in the Fund of £24.0m, which represents 13.7% of total assets. The Fund returned -8.4% net of fees in the year to 30 September 2019. At the sector level the largest positive contributors were Materials and Healthcare (both long); detractors were Energy, Consumer Staples and Utilities (all long) and Consumer Discretionary and Information Technology (both short). Positive stock contributors were Goldfields, Barrick Gold, Sibanye Stillwater, Newmont and KPN (all long); detractors were Valaris, Sainsbury, Diamond Offshore Drilling and Centrica (all long) and Starbucks (short).

# Chief Executive's Report

The table below shows the principal long/short stock positions of the MAM Tortoise Fund at 30 September 2019 in %.




The table below shows the principal long/short sector positions of the MAM Tortoise Fund at 30 September 2019 in %.




## Majedie Asset Management

The Company retains its holding of 17.2% in MAM and has no current intention to sell any shares other than the obligation, if required, to sell shares in proportion to other founder shareholders to the MAM Employee Benefit Trust up to a maximum of 1% per annum. The value of the Company's holding in MAM at 31 March 2019, in the interim accounts, was reduced to £52.3m, including the value of the interim dividend of £1.1m which the Company received in June 2019.

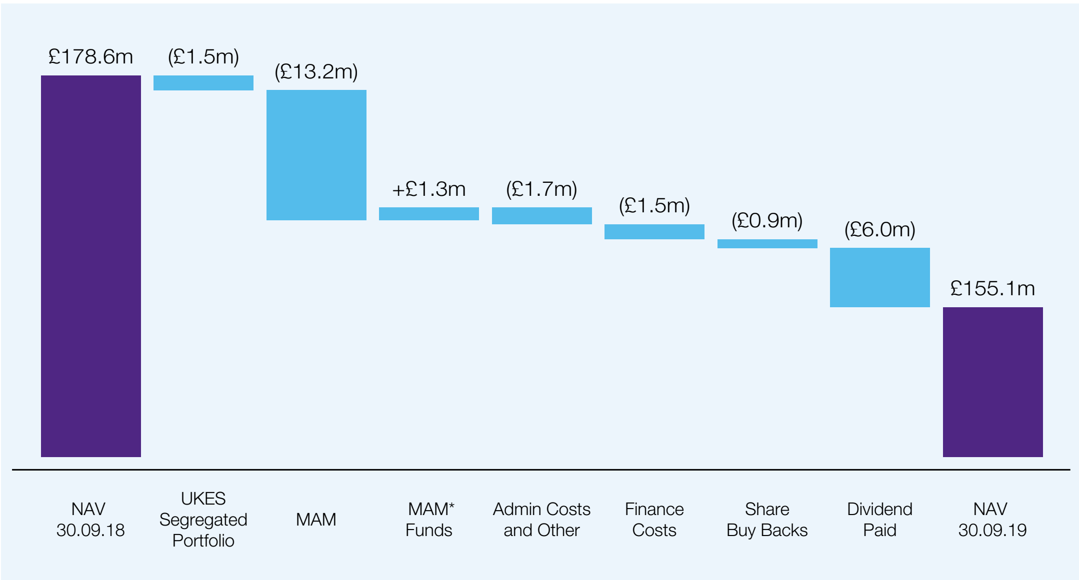
The valuation of MAM is based on a formula which has been used in prior years and reflects historic three year average earnings with a single digit multiple and surplus cash after regulatory capital has been deducted. The surplus cash after regulatory capital has been deducted at 30 September 2019 was £62m. However, in light of market multiples of fund management peers contracting, industry fee pressures, the current UK political and economic uncertainty and, specifically to MAM, a fall in AUM from £14.1bn to £10.8bn and an announced reduction in investment management fees from 1 October 2019, the Board has deemed it appropriate to reduce the value of the stake in MAM to £40.8m. This represents a reduction from 30 September 2018 of 22.5% and a 35% discount from the formulaic valuation.

## Summary

The cautious positioning of the Funds has resulted in a disappointing performance. In light of Global political worries, particularly the US/China Trade Wars, the US Political situation generally, riots in Hong Kong, the continued rise of populism and Brexit, the Board feels that defensive positioning is justified. In economic and market terms the current cycle is one of the longest since 1946 with low unemployment, lack of spare capacity and rising wage inflation, particularly in the US. Markets remain buoyed by an about-turn on interest rates by Central Banks in January 2019, though with low or even negative interest rates, further scope is limited. Against such a background, the MAM Funds are positioned to benefit from corporate self-help and independent drivers rather than overly depending on strong economic growth.

## Development of Net Asset Value

The chart below outlines the change in the Company's Net Asset Value (debt at par) over the year ended 30 September 2019. In aggregate, the NAV has decreased by £23.5m, comprised of net investment losses at the MAM Funds, including MAM UK Equity Segregated Portfolio, of £0.2m, a net write down of MAM by £13.2m, expenses and interest of £3.2m, share buybacks of £0.9m and dividends paid to shareholders of £6.0m.




* MAM Funds comprise the MAM UK Income Fund, MAM Global Equity Fund, MAM Global Focus Fund, MAM US Equity Fund and MAM Tortoise Fund.

# Chief Executive's Report

## Allocation of Total Assets as at 30 September 2019

| | Value £000 | % of Total Assets |
|---|---|---|
| MAM UK Equity Segregated Portfolio | 54,080 | 30.8 |
| MAM UK Income Fund | 14,305 | 8.1 |
| MAM Global Equity Fund | 24,020 | 13.7 |
| MAM Global Focus Fund | 8,272 | 4.7 |
| MAM US Equity Fund | 9,922 | 5.6 |
| MAM Tortoise Fund | 24,014 | 13.7 |
| MAM | 40,841 | 23.3 |
| Net cash/Realisation fund* | 167 | 0.1 |
| Total Assets | 175,621 | 100.0 |

* Net cash and the Realisation fund does not include cash held in the MAM UK Equity Segregated Portfolio or MAM funds.

## MAM Fund Performance

| | 12 months to 30 September 2019 | | | Since MI invested (% annualised) | | |
|---|---|---|---|---|---|---|
| | % Fund return | % Benchmark return | % Relative performance | % Fund return | % Benchmark return | % Relative performance |
| MAM UK Equity Segregated Portfolio | -3.0 | 2.7 | -5.7 | 4.3 | 5.8 | -1.5 |
| MAM UK Income Fund | -4.4 | 2.7 | -7.1 | 6.0 | 6.5 | -0.5 |
| MAM Global Equity Fund | 9.5 | 7.3 | 2.2 | 13.2 | 12.6 | 0.6 |
| MAM Global Focus Fund | 9.8 | 7.3 | 2.5 | 12.8 | 12.6 | 0.2 |
| MAM US Equity Fund | 16.3 | 9.7 | 6.6 | 16.2 | 16.8 | -0.6 |
| MAM Tortoise Fund | -9.9 | | | -2.0 | | |

Notes:

All Fund returns are quoted in Sterling, net of fees.

The initial investment in MAM UK Equity Segregated Portfolio was made on 22 January 2014.

The initial investment in the MAM UK Income Fund was made on 29 January 2014.

The initial investments in the MAM Global Equity Fund and MAM Global Focus Fund were made on 30 June 2014 and in the MAM US Equity Fund on 26 June 2014 respectively, at the inception of each fund. The Company is invested in the Sterling share classes.

The initial investment in the MAM Tortoise Fund was made on 29 January 2014.

J William M Barlow
CEO
10 December 2019

# Fund Analysis

at 30 September 2019

## Fund Analysis

In order to aid shareholder understanding of the Company's investment portfolio both the sector and geographic analyses have been completed on a look through basis into the MAM funds themselves. This includes the MAM Tortoise Fund, which invests through CFDs, on a net exposure basis. As the MAM Tortoise Fund is an absolute return fund, the percentages do not sum to 100%.

The geographic and sector fund analysis excludes the Company's investment in MAM.

## Geographic and Sector Analysis at 30 September 2019

| | Europe ex UK % | UK % | Emerging Markets % | Asia Pacific % | North America % | Cash % | Total % |
|---|---|---|---|---|---|---|---|
| Basic Materials | | 2.7 | 1.1 | | 3.8 | | 7.6 |
| Consumer Goods | | 1.1 | 0.1 | 0.7 | 1.7 | | 3.6 |
| Consumer Services | 1.0 | 12.2 | 0.9 | 0.2 | 2.3 | | 16.6 |
| Financials | | 7.8 | 0.4 | | 3.0 | | 11.2 |
| Health Care | 2.8 | 3.7 | | | 1.8 | | 8.3 |
| Industrials | -0.2 | 6.9 | 0.2 | 0.1 | 2.1 | | 9.1 |
| Oil & Gas | 0.1 | 9.4 | | | 1.7 | | 11.2 |
| Technology | 0.2 | 0.8 | 1.6 | | 4.0 | | 6.6 |
| Telecommunications | 3.5 | 1.4 | | 0.5 | 0.7 | | 6.1 |
| Utilities | | 0.7 | | | 0.4 | | 1.1 |
| Cash | | | | | | 5.1 | 5.1 |
| Fixed Income | | | | | | 9.4 | 9.4 |
| | 7.4 | 46.7 | 4.3 | 1.5 | 21.5 | 14.5 | |

Notes:

The assets analysed above are the net exposure of the MAM UK Equity Segregated Portfolio, MAM UK Income Fund, MAM Global Equity Fund, MAM Global Focus Fund, MAM US Equity Fund and MAM Tortoise Fund. The MAM Tortoise Fund, as an absolute return Fund, invests through CFDs and the net exposure of the Fund is shown in the table. The aggregate of the funds represents a total of 76.6% of the Company's total assets. Prior to 2018 the MAM Tortoise Fund net exposures were not disclosed.

Exposures are classified by the stock exchange on which the underlying stock is listed and by the relevant FTSE sector classification.

# Twenty Largest Portfolio Holdings

at 30 September 2019

| Company | Fair Value £000 | % of Total Assets |
|---|---|---|
| Majedie Asset Management Limited | 40,841 | 23.3 |
| Royal Dutch Shell Plc | 5,479 | 3.1 |
| BP p.l.c. | 5,391 | 3.1 |
| Tesco PLC | 4,604 | 2.6 |
| GlaxoSmithKline plc | 4,025 | 2.3 |
| Barrick Gold Corporation | 2,889 | 1.6 |
| Orange SA | 2,572 | 1.5 |
| Pearson PLC | 2,096 | 1.2 |
| Wm Morrison Supermarkets PLC | 2,012 | 1.1 |
| Legal & General Group Plc | 2,007 | 1.1 |
| Lloyds Banking Group plc | 1,819 | 1.0 |
| BAE Systems plc | 1,755 | 1.0 |
| Electrocomponents plc | 1,699 | 1.0 |
| Royal KPN NV | 1,564 | 0.9 |
| Tullow Oil plc | 1,529 | 0.9 |
| Alphabet Inc. | 1,462 | 0.8 |
| Booking Holdings Inc. | 1,394 | 0.8 |
| Associated British Foods plc | 1,386 | 0.8 |
| Hays plc | 1,313 | 0.7 |
| Microsoft Corporation | 1,263 | 0.7 |
| Total | 87,100 | 49.5 |

Notes:

The assets analysed above show the Company's largest twenty holdings on a look through basis across all Funds (all such holdings being cash positions).

# Strategic Report

# Business Review

## Introduction and Strategy

Majedie Investments PLC (the Company) is a listed investment trust company and an Alternative Investment Fund (AIF), which invests in companies around the world. The investment objective is to maximise total shareholder return, whilst increasing dividends by more than the rate of inflation over the long term. In seeking to achieve this objective, the Board has determined an investment policy and related guidelines or limits. The investment objective and policy (as detailed on pages 17 to 18) were both last approved by shareholders at a General Meeting of the Company on 27 February 2014.

The Company is subject to the Alternative Investment Fund Managers Directive (AIFMD). The AIFMD regulates the Alternative Investment Fund Managers (AIFMs) of AIFs. The Company's status under the AIFMD is that of a self-managed AIF (i.e. it is an AIFM and AIF). This requires the Company to be authorised and regulated by the Financial Conduct Authority (FCA). The AIFMD also requires the appointment of a depositary and the Company has appointed The Bank of New York Mellon (International) Limited. Further details concerning the Company's regulatory environment are set out below.

The Company's broker is J.P. Morgan Cazenove, and the Company is a member of the AIC (the trade body for closed-ended investment companies).

The purpose of the Strategic Report is to inform the shareholders of the Company and help them assess how the Directors have performed their duty to promote the success of the Company in accordance with section 172 of the Companies Act 2006 by:

- analysing development and performance using appropriate Key Performance Indicators (KPIs);
- providing a fair and balanced review of the Company's business;
- outlining the principal risks and uncertainties affecting the Company;
- describing how the Company manages these risks;
- setting out the Company's environmental, social and ethical policy;
- outlining the main trends and factors likely to affect the future development, performance and position of the Company's business; and
- explaining the future business plans of the Company.

## Business Model

The business model currently used by the Company delegates certain arrangements to other service providers. These delegations are in accordance with the AIFMD (the details of the material delegations can be found on pages 26 to 28 of the Annual Report, but the Board, as AIFM, and in accordance with the Company's investment objective and policy, directs and monitors the overall performance, operations and direction of the Company). The Company undertakes all administration operations itself under the Company's business model.

The Company's Employee, Social, Environmental, Ethical and Human Rights policy is contained in the Directors' Report on page 26.

## Investment Objective

The Company's investment objective is to maximise total shareholder return whilst increasing dividends by more than the rate of inflation over the long term.

## Investment Policy

- General

  The Company invests principally in securities of publicly quoted companies worldwide and in funds managed by its investment manager, though it may invest in unquoted securities up to levels set periodically by the Board, including its investment in MAM. Investments in unquoted securities, other than those managed by its investment manager or made prior to the date of adoption of this investment policy (measured by reference to the Company's cost of investment), will not exceed 10% of the Company's gross assets.

- Risk Diversification
  Whilst the Company will at all times invest and manage its assets in a manner that is consistent with spreading investment risk, there will be no rigid industry, sector, region or country restrictions. The overall approach is based on an analysis of global economies sector trends with a focus on companies and sectors judged likely to deliver strong growth over the long term. The number of investments held, together with the geographic and sector diversity of the portfolio, enable the Company to spread its risks with regard to liquidity, market volatility, currency movements and revenue streams.

  The Company will not invest in any holding that would, at the time of investment, represent more than 15% of the value of its gross assets save that the Company may invest up to 25% of its gross assets in any single fund managed by its Investment Manager where the Board believes that the investment policy of such funds is consistent with the Company's objective of spreading investment risk.

  The Company may utilise derivative instruments including index-linked notes, contracts for difference, covered options and other equity-related derivative instruments for efficient portfolio management and investment purposes.

  Any use of derivatives for investment purposes will be made on the basis of the same principles of risk spreading and diversification that apply to the Company's direct investments, as described above.

### Investment restrictions

For the avoidance of doubt, as a listed investment company, if and for so long as required by the Listing Rules in relation to closed-ended investment companies, the Company will also continue to comply with the following investment and other restrictions:

- 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 its published investment policy;
- the Company will not conduct any trading activity which is significant in the context of the Company (or, if applicable, its Group as a whole); and
- not more than 10% in aggregate of the value of the gross assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List (except to the extent that those funds have published investment policies to invest no more than 15% of their gross assets in other investment companies which are listed on the Official List). However, no more than 15% of the gross assets of the Company at the time the investment is made will be invested in other closed-ended investment funds which are listed on the Official List.

- Asset Allocation
  The assets of the Company will be allocated principally between investments in publicly quoted companies worldwide and in investments intended to provide an absolute return (in each case either directly or through other funds or collective investment schemes managed by the Company's investment manager) and the Company's investment in MAM itself.

- Benchmark
  The Company does not have one overall benchmark, rather each distinct group of assets is viewed independently. Any investments made into funds managed by the Company's investment manager will be measured against the benchmark or benchmarks, if any, whose constituent investments appear to the Company to correspond most closely to those investments. It is important to note that in all cases investment decisions and portfolio construction are made on an independent basis. The Board however sets various specific portfolio limits for stocks and sectors in order to restrict risk levels from time to time, which remain subject to the investment restrictions set out in this section.

- Gearing
  The Company uses gearing currently via a long-term debenture. The Board has the ability to borrow up to 100% of adjusted capital and reserves. The Board also reviews the level of gearing (borrowings less cash) on an ongoing basis and sets a range at its discretion, as appropriate. The Company's current debenture borrowings are limited by covenant to 66 2/3%, and any additional indebtedness is not to exceed 20%, of adjusted capital and reserves.

### Regulatory and Competitive Environment

The Company is an investment trust and has a premium listing on the London Stock Exchange. It is subject to United Kingdom and European legislation and regulations including UK company law, IFRS, the Listing Rules, the Prospectus Rules and the Disclosure Guidance and Transparency Rules, taxation law and the Company's own Articles of Association. The Directors are charged with ensuring that the Company complies with its objectives as well as these regulations.

Under the Companies Act 2006, section 833, the Company is defined as an investment company.

As noted previously, the Company is subject to the AIFMD, which requires that all AIFs are managed by a regulated AIFM. The AIFMD requirements are in respect of risk management, conflicts of interest, leverage, liquidity management, delegation, the requirement to appoint a depositary, regulatory capital, valuations, disclosure of information to investors or potential investors, remuneration and marketing.

The financial statements report on profits, the changes in equity, the balance sheet position and the cash flows in the current and prior financial period. This is in compliance with current IFRS as adopted by the EU, supplemented by the Statement of Recommended Practice for Investment Trust Companies and Venture Capital Trusts (SORP) issued in January 2017. The principal accounting policies of the Company are set out in note 1 to the accounts on pages 59 to 66.

### Total Return Philosophy and Dividend Policy

The Directors believe that investment returns will be maximised if a total return policy is followed. The policy aim is to increase dividends by more than inflation over the long term. Further details are under the Dividend Growth section on page 20. The Company has a comparatively high level of revenue reserves for the investment trust sector. At £26.6m, the revenue reserves represent over 4 times the current annual dividend distribution. The strength of these reserves will assist in underpinning the Company's progressive dividend policy in years when the income from investments is insufficient to completely cover the annual distribution.

### Performance Management

The Board uses the following KPIs to help assess progress against the Company's objectives. Further comments on these KPIs are contained in the Chairman's Statement and Chief Executive's Report sections of the Strategic Report respectively.

- NAV and Total Shareholder Return:
  The Board believes that the NAV return is fundamental to delivering value over the long-term and is a key determinant of shareholder return. The Board further believes that, in accordance with the Company's objective, the total return basis (which includes dividends paid out to shareholders) is the best measure of how to assess long-term shareholder return. The Board, at each meeting, receives reports detailing the Company's NAV and shareholder total return performance, asset allocation and related analyses. Details of the NAV and share price total return performance for the year are shown in the Year's Summary on page 2.

- Investment performance:
  The Board believes that, after asset allocation, the performance of each of the investment groups, being the MAM Funds (including the MAM UK Equity Segregated Portfolio) and MAM, is the key driver of NAV return and hence shareholder return. The Board receives, at each meeting, detailed reports showing the performance of the investment groups which also includes relevant attribution analysis. The Chief Executive's Report provides further detail on each investment group's performance for the year.

- Share price premium/discount:
  As a closed-ended listed investment company, the share price of the Company can and does differ from that of the NAV. This can give rise to either a premium or discount and as such is another component of Total Shareholder Return. During the year the discount has moved, ending the year at a lower value to that at the start of the year (with the NAV with debt at par), resulting in the Company's share price loss being less than the loss in the Company's NAV (with debt at par).

  The Board continually monitors the Company's premium or discount, and does have the ability to buy back shares if thought appropriate, although it must be noted that this ability is limited by the majority shareholding held by members of the

Barlow family. Additionally, the Board has approval (and is seeking to renew such approval for another year) to issue new shares, at a premium to the relevant NAV (with debt at fair value), in order to meet any natural market demand for shares. Details of movements in the Company's share price discount over the year are shown in the Year's Summary on page 2.

- Expenses:
  The Board is aware of the impact of costs on returns and is conscious of seeking to minimise these (taking into account the Company's self-managed status). The current industry-wide measure for investment trusts is the OCR, which seeks to quantify the ongoing costs of running the Company. This measures the annual ongoing running costs of an investment trust, excluding performance fees, one-off expenses, marketing costs and investment dealing costs, as a percentage of average equity shareholders' funds. Any investments made into pooled funds are included using the Company's share of estimated ongoing fund running costs. The Chairman's Statement on page 4 provides further details on the expenses incurred during the year. Details of the OCR for the year are shown in the Year's Summary on page 2.

- Dividend Growth:
  Dividends paid to shareholders are an important component of Total Shareholder Return and this has been included in the Company's investment objective. The Board is aware of the importance of this objective to the Company's shareholders but wishes to be prudent and is of the view that a sustainable and progressive dividend policy, paying dividends out of current year income and not reserves, is appropriate.

  The Board receives detailed management accounts and forecasts which show the actual and forecast financial outturns for the Company. For the 5 years to 30 September 2019, which is after the rebasing of the dividend in 2014, average dividend growth has been 14.0% per annum, which is well ahead of inflation.

### Principal Risks

The principal risks and the Company's policies for managing these risks and the policy and practices with regard to financial instruments are summarised below and in note 22 to the accounts.

i. Investment Risk:
   The Company has a range of equity investments, including a substantial investment in an unlisted asset management business, UK and global equities (both on a direct basis (via the MAM UK Equity Segregated Portfolio (UKES)) and via collective investment vehicles (the MAM Funds), and an investment in an absolute return fund, the MAM Tortoise Fund. The major risk for the Company remains investment risk, primarily market risk; however it is recognised that the investment in MAM continues to represent concentration risk for the Company. Additionally, continuing political concerns, notably Brexit in the UK, but also in the US, Europe and China, provide another element to the investment risk faced by the Company.

   The number of investments held, together with the geographic and sector diversity of the portfolio, enables the Company to spread its risks with regard to liquidity, market volatility, currency movements and revenue streams.

   Under the terms of the Investment Agreement, the Investment Manager manages the majority of the Company's investment assets. The portfolios of the UKES and the MAM Funds are actively managed by MAM against benchmarks and each have specific limits for individual stocks and market sectors that are monitored in real time. It should be noted that the MAM UK Equity Segregated Portfolio and the MAM Funds' returns will differ from the benchmark returns. The MAM Tortoise Fund is an absolute return fund whose returns are not correlated to equity markets.

   The investment risks are moderated by strict control of position sizing, low use of leverage and investing in liquid stocks. Also the level of risk at a net asset value level increases with gearing. In certain circumstances cash balances may be raised to reduce the effective level of gearing. This would result in a lower level of risk in absolute terms.

Other risks faced by the Company include the following:

ii. Strategy Risk:
An inappropriate investment strategy could result in poor returns for shareholders and the introduction or widening of the discount of the share price to the NAV per share. It is important to note that the investments in the UKES and the MAM Funds do provide the Company with exposure to a range of strategies.

The Board regularly reviews strategy in relation to a range of issues including investment policy and objective, the allocation of assets between investment groups, the level and effect of gearing and currency or geographic exposure.

iii. Business Risk:
Inappropriate management or controls in the Company or at MAM could result in financial loss, reputational risk and regulatory censure. The Board has representation on the MAM governing board to monitor business financial performance and operations and receives detailed reports from Company management on financial and non-financial performance.

iv. Compliance Risk:
Failure to comply with regulations could result in the Company losing its listing, losing its FCA authorisation as a self-managed AIF or being subjected to corporation tax on its capital gains.

The Board receives and reviews regular reports from its service providers and Company management on the controls in place to prevent non-compliance of the Company with rules and regulations. The Board also receives regular investment portfolio reports and income forecasts as part of its monitoring of compliance with section 1158 of the Corporation Tax Act 2010.

v. Operational Risk:
Inadequate financial controls, failure by an outsourced supplier to perform to the required standard, or dependency on a small number of individuals could result in misappropriation of assets, loss of income and mis-reporting of NAVs. The Board and Audit Committee regularly review statements on internal controls and procedures and the books and records of the Company are subject to an annual external audit. In addition, the Company's Depositary provides another level of oversight over the Company's operations. Given the nature of the Company's operations, the Board believes that Brexit is likely to have a minimal impact on the operational risks facing the Company.

The Corporate Governance Statement and the Report of the Audit Committee in the Company's Annual Report and Accounts provide further information in respect of internal control systems and risk management procedures.

On behalf of the Board

R David C Henderson
Chairman

10 December 2019

# Board of Directors

This page forms part of the Directors' Report

### R David C Henderson* FCA

Mr Henderson, a Chartered Accountant, is currently Chairman of Alder Investment Management and Ecclesiastical Insurance Office plc and is also a Non Executive Director of MM&K Limited. Previously he was Senior Advisor to Kleinwort Hambros, Non Executive Director of Edentree Investments Management, and Chairman of Kleinwort Benson Private Bank from 2004 to 2008 having held various senior roles in the Kleinwort Benson Group since 1995. Prior to that he spent 11 years at Russell Reynolds Associates, which followed 10 years at Morgan Grenfell & Co and 6 years at what is now RSM. He was appointed as a Director of the Company on 22 September 2011 and is Chairman of the Board and Nomination Committee and a member of the Audit, Remuneration and Management Engagement Committees.

### J William M Barlow

Mr Barlow was appointed Chief Executive Officer of the Company on 1 April 2014, before which he was a partner and Chief Operating Officer at Javelin Capital LLP. Prior to Javelin Capital LLP, he was at Newedge Group (part of the Société Générale Group). He joined Skandia Asset Management Limited as an equity portfolio manager in 1991. He was appointed Managing Director of DnB Asset Management (UK) Limited in 2002. Mr Barlow was appointed a Non Executive Director of the Company in July 1999 as a Non Executive Director and was made an executive director in June 2011. He is a Non Executive Director of Majedie Asset Management Limited. He is also Chairman of Racing Welfare and a Non Executive Director of Strategic Equity Capital Plc.

### Paul D Gadd*

Mr Gadd was appointed as a Director of Majedie on 1 October 2009. He was a solicitor and spent 17 years with Ashurst, retiring in 2009 after 10 years as a partner, latterly as head of Ashurst's investment company practice. He is Chairman of the Remuneration and Management Engagement Committees and is a member of the Nomination and Audit Committees.

### Jane M Lewis*

Ms Lewis was appointed as a Director of Majedie on 1 January 2019. She was, until 2013, a director of corporate finance and broking at Winterflood Investment Trusts. She is Chairman of Invesco Perpetual UK Smaller Companies Investment Trust PLC and Non Executive Director of BMO Capital and Income Investment Trust PLC, The Scottish Investment Trust PLC and BlackRock World Mining Trust PLC. Ms Lewis is a member of the Remuneration, Management Engagement, Nomination and Audit Committees.

### A Mark J Little*

Mr Little, a Chartered Accountant, was appointed as a Director of Majedie on 23 May 2019. He was previously a Managing Director of Barclays Wealth (Scotland and Northern Ireland). He is currently an Investment Director at Seven Investment Management and a Non Executive Director of Sanditon Investment Trust plc and Securities Trust of Scotland plc. Mr Little is Chairman of the Audit Committee and a member of the Remuneration, Management Engagement and Nomination Committees.

* Independent Non Executive.

# Directors' Report

The Directors submit their report and the accounts for the year ended 30 September 2019.

## Introduction

The Directors' Report includes the Corporate Governance Statement, the Report of the Audit Committee and the Directors' Remuneration Report. A review of the Company's business is contained in the Strategic Report (which includes the Chairman's Statement) and should be read in conjunction with the Directors' Report.

## Principal Activity and Status

The Company is a public limited company and an investment company under section 833 of the Companies Act 2006. It operates as an investment trust and is not a close company. The Company has been a member of the AIC since 20 January 2014.

The Company has received historic written confirmation from HM Revenue & Customs that it meets the eligibility conditions and is an approved investment trust for taxation purposes under section 1158 of the Corporation Tax Act 2010, with effect from 1 October 2012, subject to it continuing to meet the eligibility conditions and on-going requirements. In the opinion of the Directors, the Company continues to direct its affairs so as to enable it to continue to qualify as an approved investment trust.

## Results and Dividend

The net revenue return before taxation arising from operations amounted to £6,911,000 (2018: net revenue return of £6,680,000).

The Directors recommend a final ordinary dividend of 7.00p per ordinary share, payable on 28 January 2020 to shareholders on the register at the close of business on 10 January 2020. Together with the interim dividend of 4.40p per share paid on 14 June 2019, this makes a total distribution of 11.40p per share in respect of the financial year (2018: 11.00p per share).

## Risk Management and Objectives

The Company, as an investment trust, is subject to various risks in pursuing its objectives. The nature of these risks and the controls and policies in place that are used to minimise these risks are further detailed in the Strategic Report and in note 22 of the Accounts.

## Directors

The Directors in office at the date of this report are listed on page 22 of the Company's Annual Report and Accounts.

Mr AJ Adcock stepped down as Chairman on 13 December 2018 and he sadly passed away in January 2019. Andrew's contribution to the Company has been immense, in particular, he was instrumental in moving the investment management to MAM in 2014. He will be missed by the Company and his colleagues. Mr RDC Henderson was appointed Chairman on 13 December 2018. Ms JM Lewis and Mr AMJ Little were appointed to the Board on 1 January and 23 May 2019 respectively, and Mr Little became the Chairman of the Audit Committee on appointment. The Board believes that both Jane and Mark bring valuable experience and skills to the Company and welcomes them both to the Board.

Directors' retirement by rotation and appointment is subject to the minimum requirements of the Company's Articles of Association and the AIC Code of Corporate Governance.

The Company's Articles of Association require that at every AGM any Director who has not retired from office at the preceding two AGMs and who was not appointed by the Company in a general meeting, at either such meeting, shall retire from office and be eligible for re-election or election respectively, by the Company. However, the Board have agreed that it is good practice that all Directors be re-elected annually. As such Messrs. RDC Henderson and PD Gadd will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election. Ms JM Lewis and Mr AMJ Little will retire at the forthcoming AGM and, being eligible, will offer themselves for election.

Following Mr Adcock unfortunately stepping down as chair of the Company, Mr PD Gadd has agreed to remain on the Board into 2020, when a search for a new Non Executive Director to replace him will conclude. Once this appointment has been finalised, Mr PD Gadd, who has served on the Board for more than 10 years, will retire. The Board wish to thank him for his continued assistance and support.

# Directors' Report

In accordance with Listing Rule 15.2.13A, Mr JWM Barlow, being a Non Executive Director of Majedie Asset Management Limited, the Investment Manager, must submit himself for annual re-election.

The Board believes that the performance of the Directors continues to be effective, that they demonstrate commitment to their roles and that they have a range of business, financial and asset management skills and experience relevant to the direction and control of the Company.

The Board, having considered the Directors' performance within the annual Board performance evaluation, hereby recommend that shareholders vote in favour of the proposed elections and re-elections, as appropriate.

## Qualifying Third Party Indemnity Provisions

There are no qualifying third party indemnity provisions or qualifying pension scheme indemnity provisions which would require disclosure under section 236 of the Companies Act 2006.

## Directors' Interests

Beneficial interests in ordinary shares as at:

| | 30 September 2019 | 1 October 2018 |
|---|---|---|
| Mr RDC Henderson | 24,700 | 24,700 |
| Mr JWM Barlow | 409,224 | 692,083 |
| Mr PD Gadd | 58,507 | 56,092 |
| Ms JM Lewis | 5,803 | Nil |

Mr AMJ Little has no beneficial interest in the Company.

Non-beneficial interests in ordinary shares as trustees for various settlements as at:

| | 30 September 2019 | 1 October 2018 |
|---|---|---|
| Mr JWM Barlow | 3,111,110 | 2,828,251 |

## Substantial Shareholdings

At 30 September 2019, the Company has been notified of the following substantial holdings in shares carrying voting rights:

| | | | |
|---|---|---|---|
| Mr HS Barlow | | 15,017,619 | 28.10% |
| Aviva plc | | 6,936,904 | 13.02% |
| Mr JWM Barlow | Non-Beneficial | 3,111,110 | 5.82% |
| Miss AE Barlow | | 2,029,148 | 3.80% |
| Mr MHD Barlow | | 1,776,241 | 3.32% |
| Oakwood Nominees Limited | | 1,631,602 | 3.05% |

The substantial voting rights disclosed above include the total holdings of shares within certain trusts where there are other beneficiaries.

The Company has not been notified of any changes in substantial holdings from 1 October 2019 up to the date of this report.

## AGM

The AGM will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on Wednesday, 22 January 2020 at 12 noon. The notice convening the AGM can be found on pages 88 to 94 and is available on the Company's website.

The Board considers that Resolutions 1 to 14 are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings.

## Issue and Buyback of Shares

The Board remains of the view that an increase of the Company's stock in issue provides benefits to shareholders including a dilution of the Company's gearing and cost of its debentures, a reduction in the Company's administrative expenses on a per share basis and increased liquidity in the Company's shares. As such the Board sought and received approval, at the AGM on 16 January 2019, to allot new shares for cash, and without first offering them to existing shareholders in proportion to their holdings, up to a maximum of 5,338,556 shares (being approximately 9.99% of the Company's existing share capital at that time). These two existing authorities will expire at the 2020 AGM.

During the year as the Company's shares remained at a discount, no shares have been allotted (2018: Nil).

The Board continues to be prepared to issue new shares in order to meet natural market demand subject to the restriction that any new shares will be issued at a premium, and as such shareholder approval is sought at the AGM to renew the authority to issue new shares, without first offering them to existing shareholders in proportion to their holdings, up to a maximum of 5,298,985 shares (being approximately 9.99% of the Company's existing share capital). The renewed authority will expire at the 2021 AGM.

The Directors undertake not to allot any such new shares unless they are allotted at a price representing a premium to the Company's then prevailing NAV per share, with debt at fair value.

In response to a significant deterioration in the Company's share price discount in 2019, and in the best interests of shareholders, the Company announced its intention to buyback for cancellation its ordinary shares, noting however the restrictions that exist for the Company in respect of share buybacks. Since 1 October 2018 and up to the date of this report the Company bought back for cancellation 396,101 ordinary shares at a total cost of £966,000. At the AGM in 2019 the Directors were given power to buy back 8,010,506 ordinary shares (being 14.99% of the Company's existing share capital). Since the AGM the same number of shares as detailed above have been bought back for cancellation under this authority. This authority will also expire at the 2020 AGM.

In order to provide maximum flexibility, the Directors consider it appropriate that the Company be authorised to make such purchases and accordingly shareholder approval is sought at the AGM to renew the authority of the Company to exercise the power contained in its Articles of Association to make buybacks of its own shares. The maximum number of shares which may be purchased shall be 7,951,130 ordinary shares (being approximately 14.99% of the Company's issued share capital). Any shares so purchased will be cancelled or held in treasury. The restrictions on such purchases (including minimum and maximum prices) are outlined in the Notice of Meeting. The authority will be used where the Directors consider it to be in the best interests of the shareholders and will expire at the 2021 AGM.

## Capital Structure

As part of its corporate governance the Board keeps under review the capital structure of the Company.

At 30 September 2019, the Company had a nominal issued share capital of £5,305,548, comprising 53,055,483 ordinary shares of 10p each, carrying one vote each. All of the shares of the Company are listed on the London Stock Exchange, which is a regulated market. The Company holds no shares in Treasury.

The Company deploys gearing through long-term debt being a £20.7m 7.25% debenture stock 2025, of which £25m was issued in 2000 with £4.3m being re-purchased in 2004.

The limits on the ability to borrow are described in the investment policy on page 18. The Board is responsible for managing the overall gearing of the Company. Details of gearing levels are contained in the Year's Summary on page 2, and in note 22 to the Accounts.

There are: no restrictions on voting rights; no restrictions concerning the transfer of securities in the Company; no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control or trigger any compensatory payments for Directors, following a takeover bid.

## Notice period for general meetings

The Board believes that it is in the best interests of shareholders of the Company to have the ability to call meetings on 14 clear days' notice should a matter require urgency. The Board will therefore, as last year, propose a resolution at the AGM to approve the reduction in the minimum notice period from 21 clear days to 14 clear days for all general meetings other than annual general meetings. The Directors do not intend to use the authority unless immediate action is required.

## Future Developments

The Chairman's Statement on page 5 and the Chief Executive's Report on page 13 provide details concerning relevant future developments of the Company in the forthcoming year.

### Employee, Social, Environmental, Ethical and Human Rights policy

The Company, as an investment trust, has limited direct impact upon the environment. In carrying out its activities and relationships with its employees, suppliers and the community, the Company aims to conduct itself responsibly, ethically and fairly.

The Company falls outside the scope of the Modern Slavery Act 2015 as it does not meet the turnover requirements under that act. The Company does operate by outsourcing significant parts of its operations to reputable professional companies, including investment management to MAM. In doing so MAM complies with all the relevant laws and regulations and also takes account of social, environmental, ethical and human rights factors, where appropriate.

### Carbon Reporting

In accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, and the Companies (Directors' Report) and Limited Liability Partnership (Energy and Carbon Report) Regulations 2018, the Company is required to report on its greenhouse gas emissions. In accordance with the regulations, the Company has determined that its organisational boundary, to which entities the regulations apply, is consistent with its accounts.

The Company operates in the financial services sector, and in common with many organisations employs outsourcing such that most of its activities are performed by other outside organisations which do not give rise to any reportable emissions by the Company.

However, the Company, as a self-managed investment trust, does undertake activities at its sub-leased premises. In accordance with the provision of the centrally provided building services (including heating, light, cooling etc) to all lessees in the building by the landlord, and by the superior lessee, it is considered that the Company does not have emissions responsibility in respect of these services, which rather rest with the landlord or superior lessee. The Company does however have responsibility for various other emissions in the usage of electricity by its office equipment in the course of undertaking its duties but it is not able to determine their amounts as compared to those provided by the landlord or superior lessee.

Additionally, the Company has many investments in companies around the world, either directly or through the MAM Funds; however the Company does not have the ability to control the activities of these investee companies and as such has no responsibility for their emissions. Therefore, the Directors believe that the Company has no reportable emissions for the year ended 30 September 2019 (2018: nil).

### Donations

The Company made no political or charitable donations during the year (2018: nil) to organisations either within or outside of the EU.

### Gender Diversity

The Board are aware of the recommendations made in the Hampton-Alexander Review in respect of gender diversity in the boardroom. The Company's policy on diversity is included in the section on the Nomination Committee on page 32 of the Company's Annual Report and Accounts and this is applied when a new appointment to the Board is required. At the year end 80% of the directors of the Board were male and 20% were female. The composition of the Company's employees is 66.6% male and 33.3% female.

### Material Contracts

- Majedie Asset Management Limited

  The Board has appointed MAM as its investment manager, the terms of which are defined under an Investment Agreement dated 13 January 2014. The agreement divides the Company's investment assets into a combination of a segregated portfolio and the MAM in-house funds, with the Board having the ability, subject to certain capacity constraints in respect of the MAM funds, for the determination of the asset allocation of its investment assets, both initially and on an on-going basis.

  The Investment Agreement provides that the segregated portfolio is to be managed on the same basis as the MAM UK Equity Fund, with other investments being made into the various MAM Funds, as decided by the Board as part of their asset allocation requirements. Further details on the allocation of the investments managed by MAM are included in the Chief Executive's Report on pages 6 to 14.

The fees payable under the Investment Agreement are detailed below:

| Portfolio/Fund* | Management Fee^ | Performance Fee^ |
|---|---|---|
| MAM UK Equity Segregated Portfolio | 0.60% p.a. | Nil |
| MAM Tortoise Fund | 1.00% p.a. | 20%† |
| MAM UK Income Fund | 0.65% p.a. | Nil |
| MAM Global Equity Fund | 0–0.65% p.a.** | Nil |
| MAM Global Focus Fund | 0–0.85% p.a.** | Nil |
| MAM US Equity Fund | 0.75% p.a. | Nil† |

* The fees are calculated under the terms of the Investment Agreement or the relevant fund prospectus, and apply from 1 October 2019. Prior management fees were 0.70% pa for the MAM UK Equity Segregated Portfolio, 1.50% for the MAM Tortoise Fund, 0.75% for the MAM UK Income Fund, 0-0.75% for the MAM Global Equity Fund, 0-1.00% for the MAM Global Focus Fund and 0.75% for the MAM US Equity Fund.

^ The fees charged to the MAM UK Equity Segregated Portfolio are charged directly to the Company's Statement of Comprehensive Income. All other fund fees are charged within the relevant fund.

† The performance fee entitlement only occurs once the hurdle has been exceeded (being the Sterling Overnight Index Average or "SONIA") and is calculated on a high water mark basis. This change to SONIA is effective from 1 October 2019 (previously a 5% hurdle rate was in effect).

** The management fee range reflects the investments made into different share classes.

The Investment Agreement entitles either party to terminate the arrangement with six months' notice.

- The Bank of New York Mellon (International) Limited
The Company appointed BNY Mellon Trust & Depositary (UK) Limited to provide depositary services as required by the AIFMD and certain other associated services under the terms of a depositary agreement dated 19 June 2014. This agreement was novated to The Bank of New York Mellon (International) Limited (BNYMIL) with effect from 1 March 2018. The services provided by BNYMIL as Depositary for the Company include:

  - general oversight responsibilities over the issue and cancellation of the Company's share capital, the carrying out of net asset value calculations, the application of income, and the ex-post review of investment transactions;

  - monitoring of the Company's cash flows and ensuring that all cash is booked in appropriate accounts in the name of the Company or BNYMIL acting on behalf of the Company; and

  - safekeeping of the assets held within the Company's investment portfolio, including those classed as financial instruments for the purpose of the AIFMD, and ensuring the Company's financial instruments are held in segregated accounts so that they can be clearly identified as belonging to the Company and maintaining records sufficient for verification of the Company's ownership rights in relation to assets other than financial instruments.

BNYMIL or any BNY Mellon affiliates may have an interest, relationship or arrangement that is in conflict with or otherwise material in relation to services it provides to the Investment Manager and the Company. Should a conflict of interest arise, BNYMIL shall manage conflicts of interest fairly and transparently. As a regulated business, the Depositary is required to prevent, manage and, where required, disclose information regarding any actual or potential conflict of interest incidents to relevant clients. The Depositary is required to and does maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients. The terms of the depositary agreement provide that, where certain assets of the Company are invested in a country whose laws require certain financial instruments to be held in custody by a local entity and no such entity is able to satisfy the requirements under the AIFMD in relation to use of delegates by depositaries, BNYMIL may still delegate its functions to such a local entity and be fully discharged of all liability for loss of financial instruments of the Company by such local entity.

The Depositary receives an annual fee for its services based on a sliding scale on the total gross portfolio assets of the Company, payable monthly in arrears. The depositary agreement in place with BNYMIL continues unless and until terminated: without cause upon the Company and BNYMIL giving not less than 90 days' notice and upon BNYMIL giving notice expiring not less than 18 months after the date of the agreement, in each case such notice to be effective only if a new Depositary has been appointed.

- Link Market Services Limited (Link)
  Company Secretarial services are provided by Link, under the Company Secretarial Services Agreement dated 25 April 2016. The agreement mandates that Link Company Matters Limited will act as Link's nominated corporate secretary. The agreement also provides for fees to be paid quarterly and to be based on a fixed annual amount and be subject to annual RPI increases with either party to give notice to terminate the agreement with 12 months' notice.

### Listing Rule Disclosure

The Company confirms that there are no items which require disclosure under Listing Rule 9.8.4R in respect of the year ended 30 September 2019.

### AIFMD

The AIFMD requires certain financial and non-financial disclosures in respect of Annual Reports.

These disclosures are met by the Company in its Annual Report. In addition, certain specific disclosures are required which are:

- Remuneration
  Total remuneration details for the Directors (who are considered to be code staff under the Directive) are shown in the Report on Directors' Remuneration. Remuneration details for staff are included in Note 7 to the accounts. There was variable remuneration due during the year.

- Leverage
  The AIFMD requires the Company to disclose its actual leverage (calculated under the Gross & Commitment methods) and also to set a limit in respect of leverage it can use. The Company has set a limit of 1.5 times (1 being no leverage) and as at 30 September 2019 had leverage of 1.12 times under the Gross method and 1.14 times under the Commitment method. Note 22 to the accounts provides further details.

- Investor Pre-investment information
  The AIFMD requires that potential investors are provided with certain information. The Company provides this information on its website at www.majedieinvestments.com. This has been updated in the year reflecting various small changes, all of which are described in this Annual Report.

### Disclosure of Information to Auditors

As far as each of the Directors are aware:

- there is no relevant audit information of which the Company's Auditors are unaware; and

- they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### Auditors

Ernst & Young LLP were re-appointed as Auditors on 16 January 2019. Ernst & Young LLP have indicated their willingness to continue in office and a resolution will be proposed at the AGM to re-appoint them as Auditors.

### Viability

The Directors have assessed the prospects of the Company over the five year period to September 2024. The Directors believe that 5 years is appropriate given the long term nature of the Company's objective and the risks arising from investing in equity markets.

In their assessment of the viability of the Company, the Directors have considered how the Company is positioned against each of the Company's principal risks and uncertainties. In doing so the Directors have considered various metrics including; (a) the Company's income and expenditure forecasts and projections; (b) the level of borrowings (leverage of 1.12 times (Gross method) and 1.14 times (Commitment method) are well below the 1.5 times limit. In addition, the current borrowings of £20.5m are over 8 times covered by the current total assets); (c) the Company's investments primarily comprise readily realisable securities (equal to 76.6% of total assets as at 30 September 2019), and these highly liquid assets can be sold to meet funding requirements as necessary.

Based on the Company's processes for monitoring income and expenses, share price discounts or premium, the allocation in its investment portfolio to an absolute return fund, the Investment Manager's compliance with the investment restrictions and objective, concentration and liquidity risk, the current large margin of safety over the covenants on its debentures and financial controls, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to September 2024.

### Going Concern

The Directors believe, after review and due consideration of future forecast and cashflow projections that the Company has adequate financial resources to continue in operational existence for a period of at least 12 months from the date that the financial statements were approved. For this reason and taking account of the large number of readily realisable investments held within its portfolio, the Board continues to adopt the going concern basis in preparing the financial statements.

By Order of the Board

Link Company Matters Limited
Company Secretary
10 December 2019

# Corporate Governance Statement

The Corporate Governance Statement forms part of the Directors' Report.

This section of the Annual Report describes how the Company, as a member of the AIC, has applied the principles of the UK Corporate Governance Code as published by the Financial Reporting Council (FRC) in April 2016, as required by the FCA. A copy of the UK Corporate Governance Code can be found at www.frc.org.uk. The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for investment companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. A copy of the AIC Code can be found at www.theaic.co.uk.

The Board considers that reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide shareholders with full details of the Company's corporate governance compliance. The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code throughout the year ended 30 September 2019 except as set out below:

Senior Independent Director – The Directors have determined that the size of the Company's Board does not warrant the appointment of a senior independent director.

Internal Audit function – The Company does not have an internal audit function due to:

- its investment management, company secretarial and custody arrangements being outsourced to the parties detailed on pages 26 to 28; and
- the appointment of a Depositary who undertakes various checks on the Company's activities. More details on the duties of the Depositary are detailed on page 27.

Shareholder information – The Company does not provide a complete portfolio listing, although relevant information is disclosed. The provision of a complete portfolio listing is not made publicly available by MAM (in respect of the MAM Funds).

It is important to note however, that the latest Factsheets for the relevant MAM funds are available on the Company's website. These contain a large amount of information on the performance and characteristics of those funds.

The Board has considered the FRC guidance on risk management, internal control and related financial and business reporting dated September 2014 that applies from 1 October 2014. Further details are contained on pages 35 to 38 in the Report of the Audit Committee.

The Board has also reviewed and considered the FRC's changes to the 2018 UK Corporate Governance Code and the 2019 AIC Code, the majority of which will apply to the Company's 2020 Annual Report. Changes required to the Company's current governance arrangements will be continually reviewed and disclosed in the next annual report.

## The Company

The Company has a long history of self management, including its current status as a self managed AIF under the AIFMD. In complying with the more detailed aspects of best corporate governance practice, the Board takes into account that the Company is a listed investment trust and the Barlow family, as a whole, owns approximately 54% of the shares in issue.

Although the family shareholding in total is significant, there are a number of individual family members and trusts represented by many separate shareholdings.

The principal objective of the Board of Directors continues to be to maximise total shareholder return for all shareholders.

## Board of Directors

The Company's Board of Directors is responsible for the overall stewardship of the Company, including corporate strategy, corporate governance, risk management and compliance with regulations (including its AIFM responsibilities), overall investment policy, asset allocation and gearing. The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role, and that all Directors receive accurate, timely and clear information. Its composition satisfies the requirements of the AIC Code and is composed of an independent Chairman and three other independent Non Executive Directors. Mr JWM Barlow is the CEO.

Biographical details of the Directors are shown on page 22.

Ms JM Lewis and Messrs AMJ Little, PD Gadd and RDC Henderson are considered to be independent as defined by the AIC Code as, in the opinion of the Board, each is independent in character and judgment and there are no relationships or circumstances relating to the Company that are likely to affect their judgment. Mr PD Gadd has been a director for ten years and so exceeds the nine year limit. As mentioned previously it was intended that he retire from the Board during the year but in light of events he remained on the Board to provide continuity. It is intended that he will step down following the appointment of a new Non Executive Director during 2020. The Board considers that, notwithstanding that he has been on the Board for ten years, he carries out his duties in an independent manner. The Chairman's other commitments are in his biography on page 22.

The Board meets at least five times in each calendar year and its principal focus is the strategic development of the Company, investment policy and the control of the business. Key matters relating to these areas, including the monitoring of financial performance, any changes to the asset allocation, cash or gearing limits, and the buying back of shares or the repayment of long term borrowings are reserved for the Board and set out in a formal statement.

During the year ended 30 September 2019, the Company held ten Board meetings, three Audit Committee meetings, one Management Engagement Committee meeting, three Nomination Committee meetings and one Remuneration Committee meeting. Attendance at these Board and Committee meetings is detailed below.

| | Number of meetings | | | | |
|---|---|---|---|---|---|
| | Board | Audit | Management Engagement | Remuneration | Nomination |
| Directors | 10 | 3 | 1 | 1 | 3 |
| AJ Adcock | 1 | 0 | 1 | 1 | 1 |
| RDC Henderson | 9 | 3 | 1 | 1 | 2 |
| JWM Barlow | 10 | n/a | n/a | n/a | n/a |
| PD Gadd | 10 | 3 | 1 | 1 | 3 |
| JM Lewis | 7 | 2 | n/a | n/a | 1 |
| AMJ Little | 3 | 1 | n/a | n/a | n/a |

Mr AJ Adcock did not attend three Board, one Audit Committee and one Nomination Committee meetings due to illness. Mr Henderson did not attend one Board and one Nomination Committee meeting for medical reasons. Ms JM Lewis and Mr AMJ Little attended all meetings subsequent to their appointment to the Board on 1 January 2019 and 23 May 2019 respectively. Since the Company's financial year end the Company held two Board meetings, one Audit Committee meeting, one Management Engagement Committee meeting, one Nomination Committee meeting and one Remuneration Committee meeting.

The Board has undertaken a formal and rigorous evaluation of its own performance and of its Committees including an assessment of the independence of each of the Non Executive Directors, through the completion of a comprehensive questionnaire. The key finding from the evaluation process regarded succession planning. The composition of the Board has been strengthened during 2019 following its two recent appointments and there will be continued focus on succession planning in the forthcoming year, with the appointment of a new Non Executive Director to replace Mr Gadd, as previously reported. Having discussed the results, and noting the changes being made, it concluded that the Board and its Committees continue to function effectively and that the Chairman's and Directors' other commitments are such that all Directors are capable of devoting sufficient time to the Company.

The Board has agreed and established a procedure for Directors in furtherance of their duties to take independent professional advice if necessary, at the Company's expense.

The Board recognises the need for new Directors to receive an appropriate induction. Existing Directors receive regular updates on regulatory and governance matters, and development and training needs were discussed as part of the Board evaluation process.

- The Audit Committee comprises:
  Mr AMJ Little (Chairman), and all of the Non Executive Directors. Mr JWM Barlow and representatives of the Auditors are invited to attend meetings of the Committee.

  It is considered that Mr AMJ Little, who is a Chartered Accountant, has recent relevant financial experience. The Board has agreed the terms of reference for the Audit Committee, which meets at least three times a year.

Further details on the work of the Audit Committee are detailed in the Report of the Audit Committee on pages 35 to 38.

- The Nomination Committee comprises:
  Mr RDC Henderson (Chairman) and all of the Non Executive Directors. Mr JWM Barlow attends meetings at the request of the Committee, from time to time. The policy of the Committee is to consider appointments to the Board of Directors in the context of the requirements of the business, its need to have a balanced and effective Board and succession planning. As part of this policy, gender and diversity are carefully considered by the Committee and are taken into account when evaluating the skills, knowledge and experience desirable to fill each vacancy but all appointments to the Board are made on merit. The Committee has not set any measurable objectives in respect of this policy.

  The Company's Articles of Association require a Director appointed during the year to retire and seek election by shareholders at the next AGM and all Directors must seek re-election at least every three years. However, as previously advised, the Board have agreed it is good practice that all Directors be re-elected annually. The Articles of Association can be amended by shareholders at a General Meeting.

  The rules relating to the appointment and removal of directors are set out in the Companies Act 2006 and the Company's Articles of Association.

  Non Executive Directors are appointed for a term of three years, subject to earlier termination, including provision for early termination by either party on one month's notice. The terms and conditions for all Non Executive Directors' appointments are set out in letters of appointment, which are available for inspection at the Company's registered office and will be available 15 minutes before the start of and during the Company's AGM. The letters of appointment set out the time commitment expected of Non Executive Directors who, on appointment, undertake that they will have sufficient time to meet their requirements. The Board is in the process of considering implementing a formal policy on tenure. However, in common with many investment trusts, it considers that length of service and experience can be valuable to its deliberations.

  Details of the CEO's employment contract can be found in the Report on Directors' Remuneration on page 40.

  The Nomination Committee met three times during year. First, it met on 18 October 2018 to consider the re-election of Directors at the Company's AGM. Secondly, on 18 December 2018 to recommend the appointment of Ms JM Lewis to the Board and its committees and the appointment of Mr RDC Henderson as Chairman of the Board, replacing Mr AJ Adcock, and lastly on 23 May 2019 to recommend the appointment of Mr AMJ Little to the Board and its committees, including as Chairman of the Audit Committee.

  For the appointment of Ms JM Lewis and Mr AMJ Little, the Nomination Committee identified potential candidates through a rigorous selection process against an agreed set of criteria, using an external executive search firm, Webster Partners in relation to Ms JM Lewis and an external consultant, Mr Tim Stephenson, with respect to Mr AMJ Little. Neither Webster Partners nor Tim Stephenson have any connection with the Company.

  Based on the outcome of the Board performance evaluation process and on the basis that they continued to make valuable contributions and exercise judgement and express opinions in an independent manner, the Committee has decided to recommend the re-election and election of all Directors as appropriate.

  The Committee believes the current Directors provide the necessary breadth of skills, experience, length of service and knowledge of the business to effectively manage the Company.

- The Remuneration Committee comprises:
  Mr PD Gadd (Chairman) and all of the Non Executive Directors. Mr JWM Barlow is invited to attend and participate as appropriate. Further details on the work of the Remuneration Committee are included in the Report on Directors' Remuneration on pages 39 to 42.

- The Management Engagement Committee (MEC) comprises:
  Mr PD Gadd (Chairman) and all of the Non Executive Directors. Mr JWM Barlow attends meetings at the request of the Committee, from time to time. The Board has agreed terms of reference for the Committee, which meets at least once a year to consider the performance of the Investment Manager, the terms of the Investment Manager's engagement and to consider the continued appointment of the Investment Manager. The MEC met once on 17 October 2019 and recommended that MAM be retained as Investment Manager. In determining their recommendation, the MEC concluded that MAM have an excellent long-term track record and offer a broad range of products to meet the Company's investment policy.

  Following the recommendation from the MEC, the Board has concluded that it is in the best interests of shareholders that MAM should continue to be the Investment Manager of the Company under its existing terms.

  In addition to the Investment Management role, the Board has delegated to external third parties the Depositary, including custodial services, company secretarial services, share administration and registration services.

  The MEC annually reviews their performance and their contracts.

The terms of reference of the Company's Committees are available on request from the Company Secretary or from the Company's website.

### Conflicts of Interest

The Directors have declared any conflicts or potential conflict of interest to the Board of Directors which has the authority to approve such situations. The Company Secretary maintains the Register of Directors' Conflicts of Interests which is reviewed quarterly by the Board and when changes are notified. The Directors advise the Company Secretary and Board as soon as they become aware of any conflicts of interest. Directors who have conflicts of interest do not take part in discussions which relate to any of their conflicts.

It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising. He must request authorisation from the Board as soon as he becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from properly performing his duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgement and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to participate in the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

### Relations with Shareholders

The CEO undertakes regular visits and presentations to shareholders and potential investors around the UK, discussing, inter alia, performance and strategy. Kepler Partners are engaged to provide support in this area and they provide detailed analysis reports to the Board.

Additionally, members of the Board hold meetings with the Company's principal shareholders and prospective investors to develop an understanding of the views of shareholders and to discuss the Company's strategy and financial and investment performance.

Any issues raised by shareholders are reported to the full Board. Shareholders are encouraged to attend the AGM and to participate in proceedings. Shareholders wishing to contact the Directors to raise specific issues can do so directly at the AGM or by writing to the Company Secretary.

# Corporate Governance Statement

In the Annual Report each year the Directors seek to provide shareholders with information in sufficient detail to allow them to obtain a reasonable understanding of recent developments affecting the business and the prospects for the Company in the year ahead. The various sections of the Strategic Report provide further information.

The Company has two investor savings schemes which provide shareholders with cost effective and convenient ways of investing. Communication of up-to-date information is provided through the Company's website at www.majedieinvestments.com.

### Voting policy

The exercise of voting rights attached to the Company's investment portfolio has been delegated to MAM in the absence of explicit instructions from the Board. MAM subscribes to the NAPF Voting Issues Service (ISS) which forms part of their voting process. MAM provide a quarterly report detailing the voting activity on the Company's investment portfolio which includes details of the votes made as well as the reasons explaining the rationale for the voting decision.

MAM are required to include on their website a disclosure about the nature of their commitment to the FRC's Stewardship Code and details may be found at www.majedie.com.

The Company is in the process of developing a Shareholder Engagement Policy as required under the Shareholder Rights Directive II. This will be in conjunction with MAM and will be available on the Company's website when complete.

### Internal Control Review

The Directors acknowledge that they are responsible for the risk management and internal control relating to the Company and for reviewing the effectiveness of those systems. An ongoing process is in existence to identify, evaluate, manage and monitor risks faced by the Company. Also, the AIFMD requires that the Board, as AIFM, implements effective risk management policies and procedures and the appointment of a Depositary provides an additional check over the Company's operations. Key procedures are also in place to provide effective financial control over the Company's operations.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

A review of internal control and risk management systems is undertaken by the Board or the Audit Committee in the context of the Company's overall investment objective. The review covers business strategy, investment management, operational, compliance and financial risks facing the Company. In arriving at its judgement of the nature of the risks facing the Company, the Board or the Audit Committee has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable to bear within the overall business objective;
- the likelihood of such risks becoming a reality; and
- the Investment Manager's ability to reduce the incidence and impact of risk on performance and the relevant controls.

Further details relating to risk management, risk assessments and internal controls are contained in the Report of the Audit Committee on pages 35 to 38.

In accordance with the AIC and the UK Corporate Governance Code, the Directors have carried out a review of the effectiveness of the system of internal controls as it has operated over the year and up to the date of approval of the report and accounts.

By Order of the Board

**Link Company Matters Limited**
Company Secretary
10 December 2019

# Report of the Audit Committee

The Report of the Audit Committee forms part of the Corporate Governance Statement.

The composition of the Board and Audit Committee changed during the year. Mr AJ Adcock stepped down as Chairman of the Board in December 2018, and he sadly passed away in January 2019. Mr RDC Henderson was appointed as Chairman of the Board in December 2018. Ms JM Lewis was appointed to the Board in January 2019 and Mr AMJ Little was appointed to the Board, and replaced Mr RDC Henderson as Chairman of the Audit Committee in May 2019 on his appointment as a Director. Further details of these changes are detailed in the Chairman's Statement on page 5. Given Mr Henderson's knowledge and experience it was agreed that he should remain on the Audit Committee. Hence the Audit Committee is comprised of Non Executive Directors, being Mr AMJ Little (Chairman), Mr RDC Henderson, Ms JM Lewis and Mr PD Gadd. Mr JWM Barlow was also invited to attend meetings. The Committee usually meets three times a year in which it reviews the Half-Yearly Financial Report and Annual Report, and agrees the auditor's terms of engagement.

The Company Secretary, Link Company Matters Limited (trading as Company Matters), acts as Secretary to the Committee and its terms of reference are available on request or may be obtained from the Company's website.

## Responsibilities

The Committee's responsibilities include:

- monitoring the integrity of the financial statements of the Company (including that they are considered, as a whole, to be fair, balanced and understandable);
- reviewing the Company's internal financial controls and risk management systems;
- making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor, monitoring the external auditor's effectiveness and independence and monitoring a policy on the engagement of the external auditor to supply non-audit services.

In respect of the year under review the Committee met three times, in November 2018 and May and July 2019. Since the year end it has also met in December 2019. The purpose of the meetings was to review the Company's Half-Yearly Financial Report and Annual Report respectively, to review the internal control environments of outsourced service providers and to oversee the relationship with the Auditor (which includes recommendations on fees, approval of their terms of engagement and assessing their independence and effectiveness).

## Significant issues related to the Financial Statements

In respect of the year ended 30 September 2019, and following a robust assessment of the risks facing the Company, the Committee considered the following issues to be significant to the financial statements:

## Valuation of Investments

The Company is a global equity investment trust which invests in many companies around the world, the majority of which are quoted and traded on a recognised stock exchange. These investments are made directly via the MAM UK Equity Segregated Portfolio or in Funds managed by MAM. However, some of the Company's investments are held in companies that are not quoted or traded on a recognised stock exchange and for which price discovery requires careful analysis and judgement.

Although these are small in number (and also usually by value, see note 13 on page 72) they do include the investment in MAM and, as such, are collectively significant to the determination of the Company's net asset value.

Investments in quoted companies are valued using prices from a third party pricing source. These prices are reviewed against other third party sources and additionally those that exceed a pre-determined movement threshold, or do not change, are subject to further verification.

Investments made in the various MAM funds are priced using prices published by the relevant fund administrator (MAM use the Bank of New York Mellon).

For unquoted investments, the CEO provides detailed valuation papers and analyses and recommends a fair value for the relevant investment to the Committee, using the Company's policy as set out in note 1 to the Accounts on pages 59 to 66. The unquoted investment papers are reviewed by the Committee, who challenge assumptions, methodologies and inputs used. They are also subject to review by the Auditor.

The fair value of MAM is usually assessed twice a year by the Directors and is approved by the Board on the recommendation of the Audit Committee. The valuation of MAM is based on a formula which has been used in prior years and reflects historic three year average earnings with a single digit multiple and surplus cash after regulatory capital has been deducted. The surplus cash after regulatory capital has been deducted at 30 September was £62m. However, in light of market multiples of fund management peers contracting, fee pressures, the current political and economic uncertainty and, specifically to MAM, a fall in AUM due to net outflows from £14.1bn to £10.8bn and an announced reduction in investment management fees from 1 October 2019, the Committee has felt it appropriate to recommend to the Board to further reduce the value of the stake in MAM to £40.8m. This represents a reduction from 30 September 2018 of 22.5% and a 35% discount from the formulaic valuation. A 5% increase/decrease in MAM's earnings would result in an increase/decrease of 4.1% in the carrying value of MAM.

### Ownership of Investments

The Company's investments are held in safe custody by BNYMIL as Depositary. BNYMIL acts as global custodian and may delegate safekeeping of the assets of the Company to one or more global sub-custodians (such delegation may include the powers of sub-delegation). BNYMIL has delegated safekeeping of the assets of the Company to The Bank of New York Mellon SA/NV and The Bank of New York Mellon. The Committee receives regular reports on BNYMIL's internal controls.

### Income Recognition

Essentially the Company's income is dividend receipts from its investment holdings, including MAM. As such inaccurate recognition of income, or incomplete controls in this area, could result in the Company misstating such receipts.

The Committee receives regular detailed management accounts during the year and also reviews and approves the Company's forecast for the year.

Additionally, Mr JWM Barlow is a Non Executive Director of MAM which provides a significant level of assurance over MAM dividend receipts.

The Chairman of the Committee will be available at the AGM to answer any questions relating to the Annual Report.

### External Audit

The Company's external auditor is Ernst & Young LLP, who were initially appointed on 18 January 2008. In accordance with the EU Audit Directive and Regulation, the Company, in 2017, completed a competitive tender process.

As a result, Ernst & Young LLP were re-appointed as auditor. Legislation allows for a further period of up to ten years at which time a mandatory rotation is required.

As such, the notice of the 2020 Annual General Meeting on page 88 includes a resolution, to be approved by shareholders, that Ernst & Young LLP be re-appointed as Auditor.

Mr A Coups is the engagement partner, replacing Mrs S Williams from this financial year in accordance with Auditing Practices Board requirements.

The Company engages Ernst & Young LLP to undertake the annual year end audit. It is not considered necessary to have a review of the Half Yearly Financial Report. Ernst & Young LLP attended the annual accounts Audit Committee meeting in November, and an audit planning meeting in July.

In determining the effectiveness of the external audit, the Committee takes account of the following factors:

| Factor | Assessment |
|---|---|
| The Audit Partner | Extent to which the partner demonstrates a strong understanding of the business and industry and the challenges that the Company faces. Additionally is committed to audit quality, whose opinion is valued and sought after. |
| The Audit Team | Extent to which the audit team understand the business and industry, are properly resourced and experienced. |
| The Audit approach | The Audit approach is discussed with management and targets the significant issues early (and any new requirements as a result of new regulations etc), is communicated properly, is appropriate for the Company's business and industry and includes an appropriate level of materiality. |
| The role of management | Information provided by management is timely and correct with proper work papers. Accounting systems and internal controls work properly to enable proper information and an audit trail to be provided. |
| The communications and formal reporting by the Auditor | Management and the Committee kept appropriately informed as the audit progresses – a no surprises basis is adopted. The formal report is appropriate and contains all the relevant material matters. |
| The support, insights and added value provided to the Committee | Guidance given to the Committee for best practice with provision of updates and/or briefings or training between Committee meetings. |
| The independence and objectivity of the Auditor | Complies with the FRC ethical standards and has the required degree of objectivity. |

In assessing the effectiveness of the audit, the Committee receives management assessments and reports from the Auditor and additionally does, from time to time, receive assessments on the Auditor from the FRC.

As a result of its review, the Committee is satisfied that, in respect of the year ended 30 September 2019, the external audit process is effective and it recommends the appointment of Ernst & Young LLP as Auditors at the forthcoming AGM.

Fees related to external audit services are disclosed in Note 5 to the Accounts.

### Policy for non-audit services

The Company has a policy in place in respect of non-audit services. This prohibits the external auditor from providing certain services, e.g. tax, and places a cap on the value of these fees, as compared to the external auditor's statutory audit fees. The policy allows for the external auditor to provide non prohibited non-audit services. However, these other services should only be provided where alternative providers do not exist or where it is cost effective or in the Company's interest for the external auditor to provide such services. In the year under review, the auditor provided a review of the Company's debenture covenant reporting (to the trustee for the debenture holders), which is separately disclosed as Other Assurance Services in the Accounts. Any areas of concern are raised with the Board of the Company.

In determining auditor independence, the Committee assesses all relationships with the auditor and receives from the auditor information on its independence policy along with safeguards and procedures it has developed to counter perceived threats to its objectivity. The auditor also provides confirmation that it is independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit is not impaired. Following its review, the Committee is satisfied that they are independent having fulfilled their obligations to both the Company and its shareholders.

### Risk Management and Internal Control

The Company operates risk management and internal control systems appropriate for entities operating in the financial services sector and as appropriate to the size and the scope of its activities. In reviewing these systems, the Committee, and/or the Board, receive regular reports, which include those from the Company's Depositary. The Committee also receives control reports from its key third party outsourced service providers on the effectiveness of their own internal control systems and procedures. Any particular issues identified are documented and followed up by the Committee or the Board in subsequent meetings.

The Company does not have an internal audit function as required under the UK Corporate Governance Code. The Committee has considered this matter and is of the opinion that there is no need at the present time for the Company to have an internal audit function since there are considered to be adequate checks and balances in operation. In particular, the Company operates with Investment Management services being undertaken by MAM, Company Secretarial functions by Link Company Matters Limited and Depositary Services by BNYMIL (with custody being delegated to The Bank of New York Mellon SA/NV and The Bank of New York).

For the year ended 30 September 2019 the Company's risk management and internal controls were subject to review by the Committee which includes internal controls in place to support the Company's fund administration activities. The Committee noted that the Company's Depositary also reviews these activities as part of its oversight duties. Additionally, Mr JWM Barlow is a Non Executive Director of MAM and chairman of their Audit & Risk Committee. In this capacity he receives detailed reports on MAM's internal control environment. Lastly, the Committee noted the audit approach undertaken by the auditor in the course of the year end audit. These, together with the Committee's own review, meant that the Committee considers that the Company's risk management and internal controls have been, and are, adequate and effective.

### Risk Assessment

The Audit Committee considered the requirements of the AIC Code which require a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The principal risks facing the Company and how they are being managed are detailed on pages 20 to 21 in the Business Review section of the Strategic Report. The Committee robustly reviews these risks and mitigating controls in its meetings in May and November or December (and additionally the Board, at each meeting, reviews a Key Risks Summary which outlines the key risks, and changes thereto).

### Compliance, Whistleblowing and Fraud

The Company uses outsourced service providers for certain arrangements as part of its operations. The Committee and the Board receive reports regarding the internal control environment and compliance function of the Investment Manager and other major service providers, including procedures for whistleblowing and for detecting fraud and bribery.

The Committee also seeks assurances from service providers that appropriate whistleblowing procedures are in place which enable their staff to raise concerns about possible improprieties in a confidential manner.

The Company has in place a compliance manual, tailored to its size and the nature of its business, which has procedures and policies in place to provide for whistleblowing and fraud detection.

On behalf of the Board

**A Mark J Little**
Chairman of the Audit Committee
10 December 2019

# Report on Directors' Remuneration

## Annual Statement

There were a number of changes to the composition of the Board during the year. Mr AJ Adcock stepped down as Chairman of the Board in December 2018, and sadly he passed away in January 2019. Mr RDC Henderson was appointed as Chairman of the Board in December 2018. Ms JM Lewis was appointed to the Board in January 2019 and Mr AMJ Little was appointed to the Board, and replaced Mr RDC Henderson as Chairman of the Audit Committee in May 2019. Further details on these changes are detailed in the Chairman's Statement on page 5. The Company Secretary, Link Company Matters Limited, acts as Secretary to the Committee and its terms of reference are available on request or may be obtained from the Company's website.

At its meeting in October 2019, the Remuneration Committee decided that, in implementing the Company's remuneration policy:

- there should be no change to the remuneration of the Non Executive Directors in respect of the financial year ended 30 September 2019;

- The remuneration of the Chairman of the Board should be reduced from £65,000 per annum to £55,000 from 1 October 2019;

- Mr Barlow's basic salary will increase by 2% from 1 October 2019. There is no change to his other benefits nor to his bonus scheme.

In reaching their decisions the Remuneration Committee considered the remuneration rates of comparable investment companies. No external consultants were used.

In respect of the remuneration of the CEO, Mr JWM Barlow, under the approved bonus scheme, is entitled to a bonus of £25,000 in any financial year in which the Company's issued share capital is increased by at least 5%, rising to £50,000 on a straight-line basis if it increases by 10%. No bonus will be paid in the absence of any such increase, and no other bonus arrangements have been proposed.

During the financial year ended 30 September 2019 no shares were issued. Mr Barlow did not therefore qualify for a performance bonus under this bonus scheme.

No discretion was exercised during the year in relation to directors' remuneration. Save as set out above there are no changes to the way in which the Board intends to implement the Company's remuneration policy.

During the year, the Remuneration Committee received material advice from the Company Secretary on changes to law, regulations and practice as part of their normal services to the Company.

Paul D Gadd
Chairman of the Remuneration Committee
10 December 2019

# Report on Directors' Remuneration

## Directors' Remuneration Policy

In accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended (the Regulations), an ordinary resolution to approve the new Directors' Remuneration Policy was approved at the Company's Annual General Meeting on 17 January 2018. It is proposed that the approved policy remain in force until the annual general meeting of the Company in 2021, at which time a further resolution will be proposed. The approved policy is available for inspection by shareholders on the Company's website at www.majedieinvestments.com.

## AUDITED SECTION

### Annual Report

The remuneration of the Directors for the year ended 30 September 2019 was as follows:

| | Salary & Fees | | Taxable Benefits | | Bonus | | Total Remuneration | |
|---|---|---|---|---|---|---|---|---|
| | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 | 2019 £000 | 2018 £000 |
| Non Executive Directors | | | | | | | | |
| Mr AJ Adcock | 17 | 65 | | | | | 17 | 65 |
| Mr RDC Henderson | 59 | 35 | | | | | 59 | 35 |
| Mr PD Gadd | 35 | 35 | | | | | 35 | 35 |
| Ms JM Lewis | 24 | | | | | | 24 | |
| Mr AMJ Little | 13 | | | | | | 13 | |
| Fees sub-total | 148 | 135 | | | | | 148 | 135 |
| Executive Director Mr JWM Barlow | 187 | 182 | 9 | 9 | | | 196 | 191 |
| Total | 335 | 317 | 9 | 9 | | | 344 | 326 |

Mr JWM Barlow's taxable benefits relate to healthcare costs (he receives no pension contributions). Directors' fees were set at £65,000 per annum for the Chairman and £31,500 basic, per annum, for each of the other Non Executive Directors. In addition, there is a £3,500 per annum supplement for the Chairman of each of the Audit and Remuneration Committees.

There have been no payments to past Directors during the financial year ended 30 September 2019, whether for loss of office or otherwise.

### Scheme interests awarded during financial year

The Company does not operate any share incentive schemes.

## Directors' Interests

The Company does not have any requirement or guidelines for any Director to own shares in the Company.

The interests of the Directors of the Company, including their connected persons, in securities of the Company as at 30 September 2019 and as at 10 December 2019 are as follows:

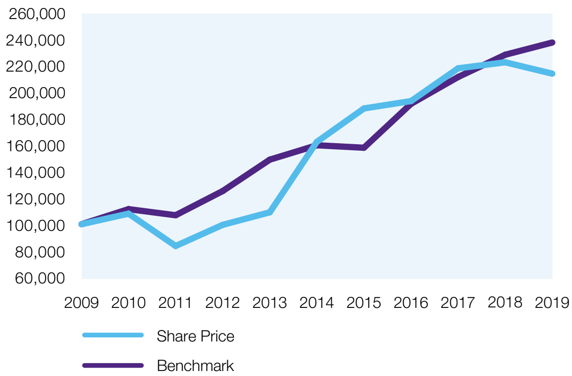
| Directors' Interests | Type of holding | No of fully paid ordinary 0.1p shares 30 September 2019 | 10 December 2019 |
|---|---|---|---|
| Mr RDC Henderson | Beneficial | 24,700 | 24,700 |
| Mr PD Gadd | Beneficial | 58,507 | 58,507 |
| Ms JM Lewis | Beneficial | 5,803 | 5,803 |
| Mr AMJ Little | Beneficial | Nil | Nil |
| Mr JWM Barlow | Beneficial | 409,224 | 409,224 |
| | Non-beneficial | 3,111,110 | 3,111,110 |

## NON AUDITED SECTION

### Performance

Set out below is a graph showing the total shareholder return attributable to the ordinary shares in the Company in respect of the past ten financial years to 30 September 2019, and to a hypothetical portfolio constructed according to a benchmark equity index, calculated as 70% FTSE All-Share Index and 30% FTSE World ex UK Index (Sterling) to September 2016 and the MSCI All Country World Index (Sterling) thereafter. This composite is the comparator for the purpose of this graph as it includes a global equity weighting appropriate to a global equity trust and was (using the pre-September 2016 indices), the Company's benchmark at the start of the ten-year period, but note that the Company no longer has an overall benchmark.

### Total Shareholder Return v Benchmark for the 10 years ended 30 September 2019



## Remuneration of the Director undertaking the role of Chief Executive Officer

The table below sets out the remuneration of the Director of the Company who fulfils a role most closely corresponding to that of chief executive officer (CEO) over the preceding ten financial years:

| Year ended | Director undertaking role of CEO | Total remuneration | Current year variable remuneration awarded vrs maximum potential value | Prior year or future year awards vested vrs maximum potential value |
|---|---|---|---|---|
| 30 Sep 2019 | Mr JWM Barlow | £196,178 | 0% | 0% |
| 30 Sep 2018 | Mr JWM Barlow | £190,511 | 0% | 0% |
| 30 Sep 2017 | Mr JWM Barlow | £185,618 | 0% | 0% |
| 30 Sep 2016 | Mr JWM Barlow | £180,559 | 0% | 0% |
| 30 Sep 2015 | Mr JWM Barlow | £215,649 | 44%* | 0% |
| 30 Sep 2014 | Mr JWM Barlow | £153,358 | 0% | 0% |
| 30 Sep 2013 | Mr JWM Barlow | £143,531 | 0% | 0% |
| 30 Sep 2012 | Mr JWM Barlow | £166,640 | 0% | 0% |
| 30 Sep 2011 | Mr GP Aherne | £185,040 | 0% | 0% |
| 30 Sep 2010 | Mr GP Aherne | £260,000 | 100% | 0% |

* Reflects the £40,000 bonus as against the maximum bonus potential of £90,000.

The table below sets out the changes in the disclosed elements of the remuneration of the Director undertaking the role of CEO as compared to employees of the Company:

| Year ended | Fixed remuneration | | Benefits | | Variable remuneration | |
|---|---|---|---|---|---|---|
| | CEO | Staff | CEO | Staff | CEO | Staff |
| 30 September 2019 | +3.0% | +3.0% | +3.7% | +4.6% | 0.0% | -20.0% |

Notes

1. The change in the CEO's fixed remuneration reflects the salary increase as detailed in last year's report. Average staff fixed remuneration has increased, reflecting cost of living increases and market movements. Given the small number of staff the impact in monetary terms is small.
2. The percentage increase in benefits shown includes the increased costs by the relevant providers. As is the case with fixed remuneration the actual increase in monetary terms is small.
3. The percentage decrease reflects a reduction in the bonus paid to a member of staff this year.

## External appointments

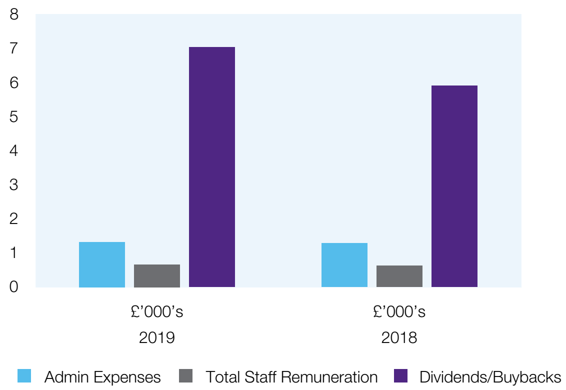
The Board supports any Executive Director taking up appointments outside the Company to broaden their knowledge and experience, from which they may retain any fee. External appointments are subject to agreement and reported to the Board. Any external appointment must not conflict with the Director's duties and commitments to the Company.

During the year, Mr JWM Barlow was a Non Executive Director of Strategic Equity Capital PLC for which he received fees on the basis of £24,500 for the year to 30 June 2019 and £25,250 thereafter.

## Relative importance of spend on pay

The table below sets out, in respect of the financial year ended 30 September 2019 and the preceding financial year:

a) the actual administration expenses expenditure of the Company;
b) the remuneration paid to or receivable by all staff of the Company;
c) the distributions made to shareholders by way of dividend or share buyback.




## Statement of implementation of Remuneration Policy in respect of the financial year ending 30 September 2020

### Non Executive Directors

The Remuneration Committee has reviewed Directors' fees during the financial year, and, other than the reduction in the chairman's remuneration set out above, does not expect to recommend any further change in the absence of unforeseen circumstances.

### CEO

The Remuneration Committee intends to review the salary of the CEO in light of prevailing market conditions. It intends to operate Mr JWM Barlow's bonus scheme in accordance with its terms as set out in the Remuneration Policy.

# Report on Directors' Remuneration

### Consideration by the Directors of remuneration

During the financial year, the members of the Remuneration Committee were Mr PD Gadd (Chairman), Mr AJ Adcock, Ms JM Lewis, Mr AMJ Little and Mr RDC Henderson. No person provided services or advice to the Remuneration Committee which materially assisted the Committee.

As previously reported, Ms JM Lewis and Mr AMJ Little were appointed as directors to the Board during the financial year. Their remuneration packages were determined in accordance with the approved policy.

### Statement of voting at General Meeting

At the annual general meeting of the Company held on 16 January 2019, a resolution was proposed by the Company to approve the Report on Directors' Remuneration for the year ended 30 September 2018. For this resolution 99.9% of the votes cast were in favour with 0.1% against and 0.0% of the votes being withheld.

At the annual general meeting of the Company held on 17 January 2018, a resolution was proposed by the Company to approve the new Directors' Remuneration Policy. For this resolution 99.9% of the votes cast were in favour with 0.1% against and 0.0% of the votes being withheld.

### Basis of preparation

This report has been prepared in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended, as required by the Companies Act 2006. The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the principles relating to the Directors' remuneration.

The Report on Directors' Remuneration on pages 39 to 42 was approved by the Board on 10 December 2019.

On behalf of the Board

**Paul D Gadd**
Chairman of the Remuneration Committee
10 December 2019

# Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Company financial statements in accordance with applicable United Kingdom law. Under that Law, the Directors have elected to prepare the financial statements in accordance with IFRS, as adopted by the European Union (IFRS). Under Company Law the Directors must not approve the Company financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period. In preparing the Company financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- state that the Annual Report, taken as a whole, is fair, balanced and understandable and provides sufficient information to allow shareholders to assess the Company's performance.

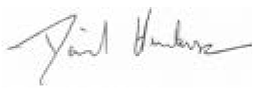
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, a Corporate Governance Statement, a Directors' Remuneration Report and a Directors' Report that comply with that law and those regulations.

The Directors of the Company, whose names are shown on page 22 of this Report, each confirm to the best of their knowledge that:

- the financial statements, which have been prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- they consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board



R David C Henderson
Chairman
10 December 2019

# Report of the Depositary

## Report of the Depositary to the shareholders of Majedie Investments PLC

### Depositary's responsibilities

The Depositary is responsible for the safekeeping of all custodial assets of the Company, for verifying and maintaining a record of all other assets of the Company and for the collection of income that arises from those assets.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Alternative Investment Fund Managers Directive (AIFMD), the FUND Sourcebook and the Company's Instrument of Incorporation, in relation to the calculation of the net asset value per share and the application of income of the Company. The Depositary also has a duty to monitor the Company's compliance with investment restrictions and leverage limits set in its offering documents.

### Report of the Depositary to the shareholders of Majedie Investments PLC for the year ended 30 September 2019.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM has been managed in accordance with AIFMD, the FUND sourcebook, the Instrument of Incorporation of the Company in relation to the calculation of the net asset value per share, the application of income of the Company; and with investment restrictions and leverage limits set in its offering documents.

For and on behalf of
The Bank of New York Mellon (International) Limited
One Canada Square
London E14 5AL

## Opinion

We have audited the financial statements of Majedie Investments PLC (the 'Company') for the year ended 30 September 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on page 20 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 38 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 59 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on pages 28 to 29 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

### Overview of our audit approach

| | |
|---|---|
| Key audit matters | • Incorrect valuation of the investment in Majedie Asset Management Limited ('MAM').<br>• Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.<br>• Incorrect valuation of investments other than MAM and defective title of the entire investment portfolio. |
| Materiality | • Overall materiality of £1.55m (2018: £1.79m) which represents 1% (2018: 1%) of net assets. |

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

| Risk | Our response to the risk | Key observations communicated to the Audit Committee |
|---|---|---|
| **Incorrect valuation of the investment in Majedie Asset Management Limited ('MAM').**<br>**(2019: £40.8m, 2018: £58.7m)**<br>Refer to the Report of the Audit Committee (page 35; Accounting policies (pages 63 to 64); and Note 13 of the Financial Statements (pages 72 to 76.<br>The investment in MAM is an unquoted investment and, accordingly, its valuation requires estimation and judgement giving rise to a greater risk that the valuation of the investment is materially misstated. The incorrect valuation of MAM could have a significant impact on the return generated for shareholders. | • Performed our walkthrough procedures to gain an understanding of management's processes and controls surrounding valuation of the investment in MAM to assess the design and implementation of controls;<br>• We involved our valuation specialists in the review and held discussions with management regarding the assumptions used in valuation;<br>• Considered the assumptions used to support the valuation of MAM, individually or taken as a whole, are within a reasonable range and that there was no contradictory evidence to the inputs and assumptions used. This included comparing the valuation multiples and key financial data against those of comparable companies;<br>• Checked restrictions on the sale of the Company's stake in MAM with reference to the shareholder agreement and considered the impact of these restrictions on its fair value;<br>• Confirmed that the valuation of MAM was performed in line with the methodology set out in the IPEV guidelines. | We have no matters to report with respect to our procedures performed over the valuation of the investment in MAM. |

| Risk | Our response to the risk | Key observations communicated to the Audit Committee |
|---|---|---|
| **Incomplete or inaccurate revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income.**<br><br>**(2019: £8.0m, 2018: £7.9m)**<br><br>Refer to the Report of the Audit Committee (page 36; Accounting policies (page 62; and Note 3 of the Financial Statements (page 67).<br><br>Income is comprised of dividends and distributions receivable from the investment portfolio. There is a risk of incomplete or inaccurate income recognition through failure to recognise proper income entitlements or apply appropriate accounting treatment.<br><br>The Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. During the year, the Company received 7 special dividends, with an aggregate value of £0.13m (2018: £0.10m), | • Walked through the revenue recognition process to obtain an understanding of the design and implementation of the controls;<br><br>• Agreed a sample of dividends received from the income report to the corresponding announcement made by the investee company and agreed cash received to bank statements;<br><br>• Agreed, for a sample of investee companies, the dividend announcements made by the investee company from an external third-party source to the income entitlements recorded by the Company; and<br><br>• Agreed all accrued dividends to an independent source, recalculated the amount receivable and agreed this to post year-end bank statements, if paid post year-end, to assess the recoverability of these amounts.<br><br>• We obtained the income and capital reports to identify special dividends, above our testing threshold, that have been received and accrued during the period;<br><br>• For the special dividends above our testing threshold, recalculated the amount of dividend receivable and assessed the appropriateness of management's classification as revenue or capital. We inspected publicly available information outlining the underlying circumstances and motives for special dividends above our testing threshold and challenged and corroborated the classification as revenue or capital respectively;<br><br>• To incorporate unpredictability in our testing, we recalculated and assessed the appropriateness of management's allocation between revenue and capital for a sample of special dividends below our testing threshold. | We have no matters to report with respect to our procedures performed over revenue recognition, including classification of special dividends as revenue or capital items in the Statement of Comprehensive Income. |

| Risk | Our response to the risk | Key observations communicated to the Audit Committee |
|---|---|---|
| **Incorrect valuation of investments other than MAM and defective title of the entire investment portfolio.**<br><br>**(2019: £132.1m, including £0.1m of investments of unquoted investments other than MAM, 2018: £137.8m, and £0.1m respectively)**<br><br>Refer to the Report of the Audit Committee (page 35); Accounting policies (pages 63 to 64); and Note 13 of the Financial Statements (pages 72 to 76).<br><br>The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. | • Performed our walkthrough procedures to gain an understanding of management's processes and controls surrounding the valuation of and title to investments to assess design and implementation of controls;<br><br>• Agreed 100% of the listed equity investments and investments in funds managed by MAM, and related exchange rates, to an independent pricing vendor;<br><br>• Inspected price exception and stale pricing reports to identify any prices that have not changed and tested whether the listed price is a valid fair value;<br><br>• Obtained confirmation from the Custodian and Depositary of all investments held at the year-end and agreed those to the Company's records. | We have no matters to report with respect to our procedures performed over the valuation of investments other than MAM and defective title of the entire investment portfolio. |

There were no changes in key audit matters from prior year.

## An overview of the scope of our audit

### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Company to be £1.55m (2018: £1.79m), which is 1% of net assets (2018: 1%). We have derived our materiality calculation based on a proportion of net assets as we consider it to be the most important financial metric on which shareholders judge the performance of the Company.

### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2018: 75%) of our planning materiality, namely £1.16m (2018: £1.34m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company, we have also applied a separate testing threshold for the revenue column of the Statement of Comprehensive Income of £0.35m (2018: £0.33m) being 5% (2018: 5%) of the revenue return before taxation.

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.08m (2018: £0.09m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### Other information

The other information comprises the information included in the annual report set out on pages 1 to 44, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** set out on page 43 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit Committee reporting** set out on pages 35 to 38 – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code** set out on page 30 – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are IFRSs as adopted by the European Union, the Companies Act 2006, AIC SORP, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.

- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified a fraud risk with respect to management override in relation to the valuation of the investment in MAM and the classification of special dividends as revenue or capital items in the Statement of Comprehensive Income (which are key audit matters); further discussion of our approach is set out in the section on key audit matters above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

### Other matters we are required to address

- We were appointed as auditors by the Audit Committee on 18 January 2008.

  The period of total uninterrupted engagement including previous renewals and reappointments is 12 years, covering the years ended 2008 to 2019.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

- The audit opinion is consistent with the additional report to the Audit Committee.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ashley Coups (Senior statutory auditor)
For and on behalf of Ernst & Young LLP,
Statutory Auditor
London
10 December 2019

Notes:

1. The maintenance and integrity of the Majedie Investments PLC web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Statement of Comprehensive Income

for the year ended 30 September 2019

| | Notes | 2019 Revenue return £000 | 2019 Capital return £000 | 2019 Total £000 | 2018 Revenue return £000 | 2018 Capital return £000 | 2018 Total £000 |
|---|---|---|---|---|---|---|---|
| **Investments** | | | | | | | |
| (Losses)/Gains on investments at fair value through profit or loss | 13 | | (21,342) | (21,342) | | 36 | 36 |
| **Net Investment Result** | | | (21,342) | (21,342) | | 36 | 36 |
| **Income** | | | | | | | |
| Income from investments | 3 | 7,995 | | 7,995 | 7,829 | | 7,829 |
| Other income | 3 | 54 | 4 | 58 | 47 | 7 | 54 |
| **Total income** | | 8,049 | 4 | 8,053 | 7,876 | 7 | 7,883 |
| **Expenses** | | | | | | | |
| Management fees | 4 | (94) | (279) | (373) | (108) | (323) | (431) |
| Administration expenses | 5 | (663) | (655) | (1,318) | (649) | (638) | (1,287) |
| **Return/(Loss) before finance costs and taxation** | | 7,292 | (22,272) | (14,980) | 7,119 | (918) | 6,201 |
| Finance costs | 8 | (381) | (1,142) | (1,523) | (439) | (1,317) | (1,756) |
| Premium paid on redemption of March 2020 Debenture | 8 | | | | | (2,869) | (2,869) |
| **Net return/(Loss) before taxation** | | 6,911 | (23,414) | (16,503) | 6,680 | (5,104) | 1,576 |
| Taxation | 9 | (22) | | (22) | (17) | | (17) |
| **Net return/(Loss) after taxation for the year** | | 6,889 | (23,414) | (16,525) | 6,663 | (5,104) | 1,559 |
| **Return/(Loss) per Ordinary Share** | | pence | pence | pence | pence | pence | pence |
| Basic | 11 | 12.9 | (43.9) | (31.0) | 12.5 | (9.5) | 3.0 |

The total column of this statement is the Statement of Comprehensive Income of the Company prepared in accordance with IFRS as adopted by the European Union. The supplementary revenue return and capital return columns are prepared under guidance published by the AIC.

There is no other comprehensive income for the year and hence the Net return/(loss) after taxation for the year is also total comprehensive income.

All amounts relate to continuing operations.

# Statement of Changes in Equity

for the year ended 30 September 2019

| | Notes | Share capital £000 | Share premium £000 | Capital redemption reserve £000 | Capital reserve £000 | Retained earnings £000 | Total £000 |
|---|---|---|---|---|---|---|---|
| **Year ended 30 September 2019** | | | | | | | |
| As at 1 October 2018 | | 5,344 | 3,054 | 56 | 144,395 | 25,777 | 178,626 |
| Share buybacks for cancellation | 17 | (39) | | 39 | (935) | | (935) |
| Net (Loss)/return for the year | | | | | (23,414) | 6,889 | (16,525) |
| Dividends declared and paid in year | 10 | | | | | (6,092) | (6,092) |
| **As at 30 September 2019** | | 5,305 | 3,054 | 95 | 120,046 | 26,574 | 155,074 |
| **Year ended 30 September 2018** | | | | | | | |
| As at 1 October 2017 | | 5,344 | 3,054 | 56 | 149,499 | 24,591 | 182,544 |
| Net return for the year | | | | | (5,104) | 6,663 | 1,559 |
| Dividends declared and paid in year | 10 | | | | | (5,477) | (5,477) |
| **As at 30 September 2018** | | 5,344 | 3,054 | 56 | 144,395 | 25,777 | 178,626 |

# Balance Sheet

as at 30 September 2019

| | Notes | 2019 £000 | 2018 £000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | 12 | 21 | 37 |
| Investments at fair value through profit or loss | 13 | 172,914 | 196,515 |
| | | 172,935 | 196,552 |
| **Current assets** | | | |
| Trade and other receivables | 14 | 389 | 213 |
| Cash and cash equivalents | 15 | 3,398 | 3,483 |
| | | 3,787 | 3,696 |
| **Total assets** | | 176,722 | 200,248 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | (1,101) | (1,097) |
| **Total assets less current liabilities** | | 175,621 | 199,151 |
| **Non-current liabilities** | | | |
| Debentures | 16/19 | (20,547) | (20,525) |
| **Total liabilities** | | (21,648) | (21,622) |
| **Net assets** | | 155,074 | 178,626 |
| **Represented by:** | | | |
| Ordinary share capital | 17 | 5,305 | 5,344 |
| Share premium account | | 3,054 | 3,054 |
| Capital redemption reserve | | 95 | 56 |
| Capital reserve | | 120,046 | 144,395 |
| Revenue reserve | | 26,574 | 25,777 |
| **Equity Shareholders' Funds** | | 155,074 | 178,626 |
| **Net asset value per share** | 18 | pence | pence |
| **Basic** | | 292.3 | 334.3 |

Approved by the Board of Majedie Investments PLC (Company no. 109305) and authorised for issue on 10 December 2019.

R David C Henderson
Chairman

# Cash Flow Statement

for the year ended 30 September 2019

| | Notes | 2019 £000 | 2018 £000 |
|---|---|---|---|
| **Net cash flow from operating activities** | | | |
| Net (Loss)/Return before taxation* | | (16,503) | 1,576 |
| Adjustments for: | | | |
| Losses/(Gains) on investments | 13 | 21,342 | (36) |
| Accumulation dividends | | (435) | (386) |
| Depreciation | | 20 | 29 |
| Foreign exchange losses/(gains) | | 4 | (1) |
| Purchases of investments | | (10,574) | (10,426) |
| Sales of investments | | 13,069 | 28,128 |
| | | 6,923 | 18,884 |
| Finance costs | | 1,523 | 4,625 |
| **Operating cashflows before movements in working capital** | | 8,446 | 23,509 |
| Increase/(Decrease) in trade and other payables | | 30 | (15) |
| Increase in trade and other receivables | | 12 | 5 |
| **Net cash inflow from operating activities before tax** | | 8,488 | 23,499 |
| Tax recovered on overseas dividend income | | | 4 |
| Tax on overseas dividend income | | (41) | (30) |
| **Net cash inflow from operating activities** | | 8,447 | 23,473 |
| **Investing activities** | | | |
| Purchase of tangible assets | | (4) | (16) |
| **Net cash outflow from investing activities** | | (4) | (16) |
| **Financing activities** | | | |
| Interest paid | | (1,501) | (1,736) |
| Dividends paid | | (6,092) | (5,477) |
| Share buybacks for cancellation | 17 | (935) | |
| Redemption of 9.50% March 2020 debenture | | | (16,327) |
| **Net cash outflow from financing activities** | | (8,528) | (23,540) |
| **Decrease in cash and cash equivalents for the year** | | (85) | (83) |
| **Cash and cash equivalents at start of year** | | 3,483 | 3,566 |
| **Cash and cash equivalents at end of year** | | 3,398 | 3,483 |

* Includes dividends received in the year of £7,525,000 (2018: £7,392,000) and interest received of £2,000 (2018: £Nil).

# Notes to the Accounts

## General Information

Majedie Investments PLC is a company incorporated and domiciled in England under the Companies Act 2006. The Company is registered as a public limited company and is an investment company as defined by Section 833 of the Companies Act 2006. The address of the registered office is given on page 98. The nature of the Company's operations and its principal activities are set out in the Business Review section of the Strategic Report on pages 17 to 19.

## Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain significant estimates and assumptions.

In the course of preparing the financial statements, no critical judgements have been made in the process of applying the Company's accounting policies, apart from those involving estimates, which are shown separately below, that have had a significant effect on the amounts recognised in the financial statements.

The following are the areas where critical estimates and assumptions have been used:

- Unquoted Investments
  Unquoted investments are valued at management's best estimate of fair value in accordance with IFRS having regard to International Private Equity and Venture Capital Valuation guidelines as recommended by the British Venture Capital Association. The principles which the Company applies are set out on page 63 to 65. The inputs into the valuation methodologies adopted include historical data such as earnings or cash flow as well as more subjective data such as earnings forecasts, discount rates and earnings multiples. As a result of this, the determination of fair value requires management judgement. At the year end, unquoted investments (including the investment in MAM but excluding the MAM funds) represent 26.4% (2018: 32.9%) of Equity Shareholders' Funds.

## 1 Significant Accounting Policies

The principal accounting policies adopted are set out as follows:

The accounts on pages 54 to 57 comprise the audited results of the Company for the year ended 30 September 2019, and are presented in pounds Sterling rounded to the nearest thousand, as this is the functional currency in which the Company transactions are undertaken.

### Going Concern

The Directors have a reasonable expectation that the Company has sufficient resources to continue in operational existence for a period of at least 12 months from the date that the financial statements were approved. Accordingly, the financial statements have been prepared on a going concern basis.

### Presentation of Statement of Comprehensive Income

In order to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue or capital nature has been presented alongside the Statement of Comprehensive Income. Additionally, the net revenue is the measure that the Directors believe to be appropriate in assessing the Company's compliance with certain requirements as set out in section 1158 of the Corporation Tax Act 2010.

### Basis of Accounting

The accounts of the Company have been prepared in accordance with IFRS. They comprise standards and interpretations approved by the International Accounting Standards Board and International Financial Reporting Committee and interpretations approved by the International Accounting Standards Committee that remain in effect, to the extent that they have been adopted by the European Union.

Where presentational guidance set out in the SORP regarding the financial statements of investment trust companies and venture capital trusts issued by the AIC in November 2014, and updated in January 2017, 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.

### Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations have not been applied in these financial statements since they were in issue but not yet effective and/or adopted:

| International Accounting Standards and Interpretations (IAS/IFRS/IFRICs) | | Effective Date |
|---|---|---|
| IFRS 16 | Leases | 1 January 2019 |

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to a finance lease under IAS 17. The impact on the Company is in respect of its property lease (which is not material), for which it is the lessee, and which is currently treated as a operating lease. This would normally result in a lease liability being included on the balance sheet and additional expense and finance items being recorded in the Statement of Comprehensive Income. However under the transitional provisions the Company will apply the modified retrospective approach and utilise the full relief available for existing leases with less than 12 months' term remaining. As such there will be no impact on 1 October 2019 under the initial adoption of IFRS 16, however any future property leases will need to be accounted for as described above. The impact from the adoption of IFRS 16 will not be material on the financial statements.

## 1 Significant Accounting Policies continued

### New Standards, Interpretations and Amendments adopted by the Company

The Company applied in the financial year ended 30 September 2019, for the first time, certain standards which are effective for annual periods beginning on or after 1 January 2018. The nature and impact of these new standards are described below:

### IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement, and introduces new requirements for (a) the classification and measurement, (b) impairment and (c) hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 October 2018, the date of initial application.

### (a) Classification and Measurement

The Company has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held a fair value continue to be measured at fair value;
- Equity instruments, which are not held for trading, are required to be held at Fair Value through Profit or Loss (FVPL), which again is the same as they were previously held (and no irrevocable elections to change this have been made);
- Financial assets previously classified as receivables are held to collect contractual cashflows and give rise to cashflows representing payments solely of principal. As such these continue to be measured at amortised cost under IFRS 9;
- The classification of financial liabilities under IFRS 9 remains largely the same as under IAS 39. The main impact on measurement from the classification of financial liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated FVPL attributable to changes in credit risk. IFRS 9 requires that any such element be recognised in other comprehensive income, unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains or losses on that financial liability (including the effects of changes in credit risk) should be presented in profit or loss. The Company has not designated any financial liabilities at FVPL. Therefore, this requirement does not apply and financial liabilities continue to be held at amortised cost.

### (b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its trade receivables, either on a 12 month or lifetime basis. Given the limited exposure of the Company to credit risk, this amendment has not had a material impact on the financial statements. The Company only holds trade receivables with no financing component and which all have maturities of less than 12 months at amortised cost, and therefore has adopted an approach similar to the simplified approach to expected credit losses.

### (c) Hedge Accounting

The Company has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

1 Significant Accounting Policies continued

## Impact of adoption of IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 October 2018. The Company has chosen the option of not restating the comparatives, and as such the 2018 figures are presented and measured under IAS 39. The table below shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and liabilities as at 1 October 2018.

| 1 October 2018 | IAS 39 classification | IAS 39 measurement £000 | IFRS 9 classification | IFRS 9 measurement £000 |
|---|---|---|---|---|
| Financial assets | | | | |
| Investments at fair value through profit or loss | Held at FVPL | 196,515 | Held at FVPL | 196,515 |
| Trade and other receivables | Loans and receivables | 213 | Amortised cost | 213 |
| Cash and cash equivalents | Loans and receivables | 3,483 | Amortised cost | 3,483 |
| Financial liabilities | | | | |
| Trade and other payables | Other financial liabilities | 1,097 | Amortised cost | 1,097 |
| Debentures | Amortised cost | 20,525 | Amortised cost | 20,525 |

In line with the characteristics of the Company's financial instruments as well as its approach to their management, the Company neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Company's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under IAS 39 are still classified as FVPL under IFRS 9. All financial assets that were classified as loans and receivables and measured at amortised costs continue to be.

In addition, the application of the expected credit loss model under IFRS 9 has not materially changed the carrying amounts of the Company's amortised cost financial assets.

The carrying amounts of amortised cost instruments continued to approximate these instruments fair values on the date of transition after transitioning to IFRS 9.

## IFRS 15 Revenue from contracts with customers

The Company adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 October 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Company.

## Foreign Currencies

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as FVPL are included in profit or loss in the Statement of Comprehensive Income as part of the "(Losses)/gains on investments at fair value through profit or loss".

## 1 Significant Accounting Policies continued

### Income
Dividend income is recognised on the date when the Company's right to receive the payment is established. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are separately disclosed in the Statement of Comprehensive Income. Where the Company has elected to receive scrip dividends in the form of additional shares rather than cash, the amount of the cash dividend foregone is recognised as income. Special dividends are recognised as capital or revenue in accordance with the underlying nature of the transaction.

Interest income is recognised on an accrual basis.

### Expenses
All expenses or fees are recognised on an accrual basis. This includes any pension payments made to the Company's defined contribution personal pension plan. In accordance with the SORP concerning the classification of expense items between capital and revenue, all items are presented as revenue except for as follows:

- Expenses incurred which are incidental to the acquisition or disposal of an investment are treated as capital costs and separately identified and disclosed (see note 13);
- Expenses are split and presented separately partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated, and accordingly the investment management fees and certain administrative expenses have been allocated 75% to capital, in order to reflect the Directors' expected long-term view of the nature of the investment returns to the Company;
- The investment management performance fee, which is based on capital out-performance is charged wholly to capital.

### Finance Costs
Interest expense is recognised for all interest bearing financial instruments using the effective interest rate method.

In accordance with the SORP, finance costs in respect of financing investments or financing activities aimed at maintaining or enhancing the value of investments are allocated 75% to capital. Any premiums paid on the early repurchase of debenture stock are charged wholly to capital.

### Taxation
The tax charge represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

In accordance with the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the Statement of Comprehensive Income is the marginal basis. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue return column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are recognised for all temporary taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

No provision is made for tax on capital gains as the Company operates as an approved investment trust for tax purposes.

1 Significant Accounting Policies continued

## Property and Equipment

Property and equipment are stated at initial cost less accumulated depreciation and any recognised impairment loss. Leasehold improvements are depreciated in equal installments over the minimum period of the lease. Depreciation for other tangible assets is calculated using the straight line method and at rates of 25% to 33% per annum.

## Leasing

Under IAS 17, leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Payments due under operating leases are charged to profit or loss on a straight line basis over the term of the relevant lease.

## Financial Instruments (policy effective from 1 October 2018 – IFRS 9)

In the current year the Company has adopted IFRS 9 Financial Instruments. Please see "New Standards, Interpretations and Amendments adopted by the Company" for an explanation of the impact. Comparative figures for the year ended 30 September 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

### (a) Classification

In accordance with IFRS 9, the Company classifies its financial assets and liabilities at initial recognition into the categories of financial assets and liabilities as shown below:

### Financial Assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss, on the basis of both:

- the Company's business model, as an investment trust, for managing the financial assets;
- the contractual cash flow characteristics of the financial asset.

### Financial Assets Measured at Amortised Cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category short term non-financing receivables including accrued income and trade and other receivables.

### Financial Assets Measured at Fair Value Through Profit or Loss (FVPL)

A financial asset is measured at FVPL if:

a) its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or

b) it is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or

c) at initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Company includes in this category its equity investments.

## 1 Significant Accounting Policies continued

### Financial Liabilities
Financial liabilities measured at amortised cost.

This category includes all financial liabilities. The Company includes in this category debentures and other short term payables.

### (b) Recognition
The Company recognises a financial asset or liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial instruments that require delivery of assets within a time frame, generally established by regulation or convention in a market place, are recognised on a trade date basis.

### (c) Initial Measurement
Financial assets and liabilities at FVPL are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised in profit or loss in "(Losses)/gains on investments at fair value through profit and loss" in the Statement of Comprehensive Income. Financial liabilities held at amortised cost are initially recognised at cost, being the fair value of the consideration received less issue costs where applicable.

### (d) Subsequent Measurement
After initial measurement the Company measures financial instruments which are classified as at FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in "(Losses)/gains on investments at fair value through profit and loss" in the Statement of Comprehensive Income. Any dividends or interest earned on these instruments are recorded separately under "Income" in the Statement of Comprehensive Income.

Financial liabilities are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating and recognising the interest income or expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability.

### (e) Derecognition
A financial asset (or where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired. Or the Company has transferred its rights to receive cash flows from the asset, and the Company has transferred substantially all of the risks and rewards of the asset or has transferred control of the asset.

A financial liability is derecognised by the Company when the obligation under the liability is discharged, cancelled or expired.

### (f) Impairment
The Company holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost. Therefore the Company has chosen to apply an approach similar to the simplified approach for expected credit losses under IFRS 9 to all its trade receivables. The Company does not track changes in credit risk, but instead recognises a loss allowance, if any, based on the lifetime expected credit losses at each balance sheet date.

1 Significant Accounting Policies continued

(g) Fair Value Measurement
The Company measures its investments in financial instruments, such as equity instruments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date. The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted price (bid price for long positions), without any deduction for transaction costs. The fair value for financial instruments that are either unit trusts or open ended investment companies are based on their closing price, the bid price or the single price as appropriate, as released by the relevant fund administrator.

Fair values for unquoted investments, or investments for which the market is inactive, are established by using various valuation techniques in accordance with the International Private Equity and Venture Capital Valuation (IPEV) guidelines. These may include recent arm's length market transactions, the current fair value of another instrument which has substantially the same earnings multiples, discounted cash flow analysis and option pricing models. 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 is utilised.

The Company identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the beginning of each reporting period.

Changes in the fair value of investments and gains on the sale of investments are recognised as they arise in the Statement of Comprehensive Income.

Financial Instruments (policy effective before 1 October 2018 – IAS 39)
Financial assets and financial liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Investments Held at Fair Value Through Profit or Loss
The Company classifies its investments in debt and equity securities as financial assets or financial liabilities at fair value through profit or loss, as defined by IAS 39.

When a purchase or sale is made under a contract, the terms of which require delivery within the timeframe of the relevant market, the investments concerned are recognised or derecognised on the trade date.

All investments are designated upon initial recognition as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value, which is either the bid price or the latest trading price for listed securities, depending on the convention of the exchange on which the investment is quoted. Investments in unit trusts or open ended investment companies are valued at the closing price, the bid price or the single price as appropriate, released by the relevant investment manager.

Fair values for unquoted investments, or investments for which the market is inactive, are established by using various valuation techniques in accordance with the IPEV Guidelines. These may include recent arm's length market transactions, the current fair value of another instrument which has substantially the same earnings multiples, discounted cashflow analysis and option pricing models. 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 is used.

## 1 Significant Accounting Policies continued

The Company identifies transfers between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole), and deems transfers to have occurred at the beginning of each reporting period.

Changes in the fair value of investments and gains on the sale of investments are recognised as they arise in the Statement of Comprehensive Income.

### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

### Share Capital

Upon the issuance of Ordinary 10p shares, the consideration received is included in equity. Transaction costs incurred by the Company in issuing its own equity instruments are accounted for as a deduction from equity. Any excess consideration over the nominal value of any Ordinary 10p shares issued, before transaction costs, is credited to the Share Premium Account.

Own equity instruments that are repurchased for cancellation are deducted from Equity Shareholders' Funds and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. In accordance with the Company's Articles, the total cost of any such transactions will be deducted from the Capital Reserve.

### Capital Reserve

The Capital Reserve includes gains and losses on the sale of financial instruments, and investment holding gains or losses, as reported in the Statement of Comprehensive Income (and note 13). Additionally any finance costs and expenses charged to capital in accordance with the Company's policy, and as detailed above, the cost of any shares repurchased for cancellation, are debited against the Capital Reserve.

### Revenue Reserve

The net revenue for the year is included in the Revenue Reserve along with dividends to shareholders, when approved.

### Dividends Payable to Shareholders

Dividends are at the discretion of the Company. A dividend to the Company's shareholders is accounted for as a deduction from the Revenue Reserve. An interim dividend is recognised as a liability in the period in which it is irrevocably declared by the Board of Directors. A final dividend is recognised as a liability in the period in which it is approved by the Company's shareholders in an Annual General Meeting.

## 2 Business Segments

For management purposes the Company is organised into one principal activity, being investing activities, as detailed below:

### Investing activities

The Company's investment objective is to maximise total shareholder return whilst increasing dividends by more than the rate of inflation over the long term. The Company operates as an investment trust company and its portfolio contains investments in companies listed in a number of countries. Geographical information about the portfolio is provided on page 15 and exposure to different currencies is disclosed in note 22 on pages 79 to 80.

## 3 Income

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| **Income from investments** | | | | |
| Dividend income * | 7,409 | | 7,319 | |
| Accumulation dividend income | 435 | | 386 | |
| Overseas dividend income | 151 | | 124 | |
| | | 7,995 | | 7,829 |
| **Other income** | | | | |
| Interest income | 2 | | | |
| Sundry income | 56 | | 54 | |
| | | 58 | | 54 |
| **Total income** | | 8,053 | | 7,883 |
| **Income from investments** | | | | |
| Listed UK | 2,070 | | 1,943 | |
| Listed overseas | 151 | | 124 | |
| Unlisted – MAM funds | 1,172 | | 1,160 | |
| Unlisted | 4,602 | | 4,602 | |
| | | 7,995 | | 7,829 |

* Includes MAM Ordinary income of £4,602,000 (2018: £4,602,000) and Property Income Distribution (PID) dividend income of £24,000 (2018: £7,000).

## 4 Management Fees

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Revenue return £000 | Capital return £000 | Total £000 | Revenue return £000 | Capital return £000 | Total £000 |
| Investment management | 94 | 279 | 373 | 108 | 323 | 431 |
| | 94 | 279 | 373 | 108 | 323 | 431 |

The investment management fees are payable to MAM in accordance with the Investment Agreement and the material terms are disclosed in the Directors' Report on page 27. The investment management fees charged and shown are only in respect of the investment in the MAM UKES Segregated Portfolio. Investment management fees in respect of the investments made in the other MAM funds are charged directly to the relevant fund and included in the relevant fund's published net asset value price and hence form part of that investment's valuation in the Company's accounts. These costs are however included in the Company's OCR calculation on page 2, on a best estimates basis. At 30 September 2019, an amount of £93,000 was outstanding for payment of investment management fees due to MAM on the UKES Segregated Portfolio (2018: £103,000).

### 5 Administrative Expenses

| | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Staff costs – note 7 | 455 | | 448 | |
| Other staff costs and directors' fees | 210 | | 181 | |
| Advisers' costs | 258 | | 259 | |
| Information costs | 113 | | 102 | |
| Establishment costs | 42 | | 39 | |
| Operating lease rentals – premises | 60 | | 60 | |
| Depreciation on tangible assets | 20 | | 29 | |
| Auditor's remuneration (see below) | 31 | | 29 | |
| Other expenses | 129 | | 140 | |
| | | 1,318 | | 1,287 |

A charge of £655,000 (2018: £638,000) to capital and an equivalent credit to revenue has been made to recognise the accounting policy of 75% of direct investment administration expenses to capital (see note 1 on page 62).

Total fees charged by the Auditor for the year, all of which were charged to revenue, comprised:

| | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Audit services – statutory audit | 30 | | 28 | |
| Other audit related services | 1 | | 1 | |
| | | 31 | | 29 |

Other audit related services relate to a review of the Company's debenture covenant in 2019 and in 2018.

### 6 Directors' Emoluments

| | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Fees | 148 | | 135 | |
| Salary | 187 | | 182 | |
| Other benefits | 9 | | 9 | |
| | | 344 | | 326 |

The Report on Directors' Remuneration on pages 39 to 42 explains the Company's policy on remuneration for Directors for the year. It also provides further details of Directors' remuneration.

## 7 Staff Costs including CEO

| | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Salaries and other payments | 376 | | 369 | |
| Social security costs | 49 | | 49 | |
| Pension contributions | 30 | | 30 | |
| | | 455 | | 448 |

| | 2019 Number | 2018 Number |
|---|---|---|
| Average number of employees: | | |
| Management and office staff | 3 | 3 |

## 8 Finance Costs

| | 2019 Revenue return £000 | 2019 Capital return £000 | 2019 Total £000 | 2018 Revenue return £000 | 2018 Capital return £000 | 2018 Total £000 |
|---|---|---|---|---|---|---|
| Interest on 9.50% 2020 debenture stock | | | | 59 | 177 | 236 |
| Interest on 7.25% 2025 debenture stock | 375 | 1,126 | 1,501 | 375 | 1,125 | 1,500 |
| Amortisation of issue expenses on the debenture stocks | 6 | 16 | 22 | 5 | 15 | 20 |
| | 381 | 1,142 | 1,523 | 439 | 1,317 | 1,756 |

Further details of the debenture stock in issue are provided in note 16 and note 22.

## 9 Taxation

| | 2019 £000 | 2018 £000 |
|---|---|---|
| Tax on overseas dividends | 22 | 17 |

**Reconciliation of tax charge:**
The current taxation rate for the year is lower (2018: lower) than the standard rate of corporation tax in the UK of 19.0% (2018:19.0%). The differences are explained below:

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Net (Loss)/return before taxation | | (16,503) | | 1,576 |
| Taxation at UK Corporation Tax rate of 19.0% (2018: 19.0%) | (3,136) | | 299 | |
| Effects of: | | | | |
| – UK dividends which are not taxable | (1,498) | | (1,471) | |
| – foreign dividends which are not taxable | (32) | | (24) | |
| – losses/(gains) on investments which are not taxable | 4,056 | | (8) | |
| – expenses which are not deductible for tax purposes | 9 | | 10 | |
| – excess expenses for the current year | 601 | | 1,194 | |
| – overseas taxation which is not recoverable | 22 | | 17 | |
| Actual current tax charge | | 22 | | 17 |

After claiming relief against accrued income taxable on receipt, the Company has unrelieved excess expenses of £89,452,000 (2018: £86,312,000). It is not yet certain that the Company will generate sufficient taxable income in the future to utilise these expenses therefore no deferred tax asset has been recognised.

The allocation of expenses to capital does not result in any tax effect. Due to the Company's status as an approved investment trust, and the intention to continue meeting the required conditions in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of its investments.

## 10 Dividends

The following table summarises the amounts recognised as distributions to equity shareholders in the period:

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| 2017 Final dividend of 6.25p paid on 24 January 2018 | | | 3,340 | |
| 2018 Interim dividend of 4.00p paid on 22 June 2018 | | | 2,137 | |
| 2018 Final dividend of 7.00p paid on 24 January 2018 | 3,741 | | | |
| 2019 Interim dividend of 4.40p paid on 22 June 2018 | 2,351 | | | |
| | | 6,092 | | 5,477 |

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Proposed final dividend for the year ended 30 September 2019 of 7.00p (2018: final dividend of 7.00p) per ordinary share | 3,713 | | 3,741 | |
| | | 3,713 | | 3,741 |

The proposed final dividend has not been included as a liability in these accounts in accordance with IAS 10: Events after the Balance Sheet date.

Set out below is the total dividend to be paid in respect of the financial year. This is the basis on which the requirements of Section 1158 of the Corporation Tax Act 2010 are considered:

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Interim dividend for the year ended 30 September 2019 of 4.40p (2018: 4.00p) per ordinary share. | 2,351 | | 2,137 | |
| Final dividend for the year ended 30 September 2019 of 7.00p (2018: 7.00p) per ordinary share. | 3,713 | | 3,741 | |
| | | 6,064 | | 5,878 |

Distributable reserves of the Company comprise the Capital and Revenue Reserves.

Dividends for the year (and 2018) have been solely made from the Revenue Reserve.

## 11 Return per Ordinary Share

Basic return per ordinary share is based on 53,332,302 ordinary shares, being the weighted average number of shares in issue (2018: Basic return based on 53,439,000 ordinary shares). Basic returns per ordinary share are based on the net (loss)/return after taxation.

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Basic revenue returns are based on net revenue after taxation of: | 6,889 | | 6,663 | |
| Basic capital returns are based on net capital loss of: | (23,414) | | (5,104) | |
| Basic total returns are based on a (loss)/return of: | | (16,525) | | 1,559 |

### 12 Property and Equipment

| | Leasehold Improvements £000 | Office Equipment £000 | Total £000 |
|---|---|---|---|
| Cost: | | | |
| At 1 October 2018 | 28 | 246 | 274 |
| Additions | | 4 | 4 |
| Disposals | | | |
| At 30 September 2019 | 28 | 250 | 278 |
| Depreciation: | | | |
| At 1 October 2018 | 15 | 222 | 237 |
| Charge for year | 6 | 14 | 20 |
| Disposals | | | |
| At 30 September 2019 | 21 | 236 | 257 |
| Net book value: | | | |
| At 30 September 2019 | 7 | 14 | 21 |
| At 30 September 2018 | 13 | 24 | 37 |

### 13 Investments at Fair Value Through Profit or Loss

| | 2019 | | | | 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | Listed £000 | Unlisted (MAM Funds) £000 | Unlisted £000 | Total £000 | Listed £000 | Unlisted (MAM Funds) £000 | Unlisted £000 | Total £000 |
| Opening cost at beginning of year | 48,299 | 70,198 | 2,331 | 120,828 | 51,585 | 81,082 | 2,680 | 135,347 |
| Gains at beginning of year | 2,988 | 16,260 | 56,439 | 75,687 | 4,349 | 15,040 | 59,012 | 78,401 |
| Opening fair value at beginning of year | 51,287 | 86,458 | 58,770 | 196,515 | 55,934 | 96,122 | 61,692 | 213,748 |
| Purchases at cost | 10,548 | 435 | | 10,983 | 10,455 | 386 | | 10,841 |
| Sales – proceeds | (10,263) | (2,905) | (74) | (13,242) | (15,508) | (12,532) | (70) | (28,110) |
| Gains/(losses) on sales | 130 | 364 | 74 | 568 | 1,767 | 1,262 | (279) | 2,750 |
| (Decrease)/increase in investment holding gains | (3,313) | (713) | (17,884) | (21,910) | (1,361) | 1,220 | (2,573) | (2,714) |
| Closing fair value at end of year | 48,389 | 83,639 | 40,886 | 172,914 | 51,287 | 86,458 | 58,770 | 196,515 |
| Closing cost at end of year | 48,714 | 68,092 | 2,331 | 119,137 | 48,299 | 70,198 | 2,331 | 120,828 |
| (Losses)/gains at end of year | (325) | 15,547 | 38,555 | 53,777 | 2,988 | 16,260 | 56,439 | 75,687 |
| Closing fair value at end of year | 48,389 | 83,639 | 40,886 | 172,914 | 51,287 | 86,458 | 58,770 | 196,515 |

Unlisted investments include an amount of £45,000 in 2 companies (2018: £97,000 in 3 companies) and £40,841,000 (2018: £58,673,000) for the Company's investment in MAM as detailed on page 75. The gains on sale relate to the sale during the year of a previously written off holding. Further details concerning the investments in the MAM Funds are shown on page 75.

### 13 Investments at Fair Value Through Profit or Loss continued

During the year the Company incurred transaction costs amounting to £55,000 (2018: £63,000), of which £51,000 (2018: £48,000) related to the purchase of investments and £4,000 (2018: £15,000) related to the sales of investments. These amounts are included in "(Losses)/gains on investments at fair value through profit or loss", as disclosed in the Statement of Comprehensive Income.

The composition of the investment return is analysed below:

| | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Net gains on sales of equity investments | 568 | | 2,750 | |
| Decrease in holding gains on equity investments | (21,910) | | (2,714) | |
| **Net (Loss)/return on investments** | | (21,342) | | 36 |

### Fair value hierarchy disclosures

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Quoted prices provided by external pricing services, brokers and vendors are included in Level 1, if they reflect actual and regularly occurring market transactions on an arm's length basis.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 2 inputs include the following:

  - quoted prices for similar (i.e. not identical) assets in active markets.
  - inputs other than quoted prices that are observable for the asset (e.g. interest rates and yield curves observable at commonly quoted intervals).
  - inputs that are derived principally from, or corroborated by, observable market data by correlation or other means (market corroborated inputs).

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which an asset or liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement of the asset. For this purpose, the significance of an input is assessed against the fair value measurement of an asset or liability in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be investments actively traded in organised financial markets, fair value is generally determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date, without adjustment for transaction costs necessary to realise the asset.

## 13 Investments at Fair Value Through Profit or Loss continued

The table below sets out fair value measurements of financial assets in accordance with the IFRS fair value hierarchy system:

| | 2019 | | | | 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 | Level 1 £000 | Level 2 £000 | Level 3 £000 | Total £000 |
| Financial assets held at fair value through profit or loss – equities and managed funds: | | | | | | | | |
| Listed equity securities | 48,389 | | | 48,389 | 51,287 | | | 51,287 |
| Unlisted equity securities (MAM Funds) | | 83,639 | | 83,639 | | 86,458 | | 86,458 |
| Unlisted equity securities | | | 40,886 | 40,886 | | | 58,770 | 58,770 |
| | 48,389 | 83,639 | 40,886 | 172,914 | 51,287 | 86,458 | 58,770 | 196,515 |

Investments whose values are based on quoted market prices in active markets, and therefore are classified within Level 1, include active listed equities. The Company does not normally adjust the quoted price for these instruments (although it may invoke its fair value pricing policy in times of market disruption - this was not the case for 30 September 2019 or 2018).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2 (these include the investments in the MAM funds which are valued using the NAV reported by the relevant fund administrator or ACD). As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information. During the year there were no transfers (2018: Nil) between Level 1 and Level 2.

Investments classified within Level 3 have significant unobservable inputs. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. In respect of unquoted instruments, or where the market for a financial instrument is not active, fair value is established by using recognised valuation methodologies, in accordance with IPEV Valuation Guidelines. These include valuing investments at the price of the most recent investment in the investee. These prices are reviewed to check if they are still suitable for use at the reporting date. If required, any such prices will be discounted to reflect changes in the investee subsequent to the relevant most recent investment price date. This is in accordance with IPEV Guidelines as the cost of recent investments will generally provide a good indication of fair value.

The following table presents the movement in Level 3 instruments for the year:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Total £000 | Equity investments £000 | Total £000 | Equity investments £000 |
| Opening balance | 58,770 | 58,770 | 61,692 | 61,692 |
| Sales during the year | (74) | (74) | (70) | (70) |
| Total (losses)/gains for the year included in the Statement of Comprehensive Income | (17,810) | (17,810) | (2,852) | (2,852) |
| | 40,886 | 40,886 | 58,770 | 58,770 |

### 13 Investments at Fair Value Through Profit or Loss continued

#### Investments in Investment Funds

The Company has a number of investments in investment funds managed by MAM. Details of those investments are:

| | 30 September 2019 | | 30 September 2018 | |
|---|---|---|---|---|
| | Investment Value £000 | Proportion Held % | Investment Value £000 | Proportion Held % |
| MAM Tortoise Fund | 24,014 | 3.1 | 26,479 | 1.9 |
| MAM Income Fund | 14,305 | 2.7 | 15,974 | 1.9 |
| MAM Global Equity Fund | 24,020 | 46.2 | 22,525 | 45.9 |
| MAM Global Focus Fund | 8,272 | 4.3 | 7,912 | 3.6 |
| MAM US Equity Fund | 9,922 | 5.1 | 8,716 | 4.3 |
| MAM UK Smaller Companies Fund* | 3,106 | 1.0 | 4,852 | 1.1 |
| | 83,639 | | 86,458 | |

* The MAM UK Smaller Companies Fund forms part of the MAM UK Equity Segregated Portfolio.

The fees charged on these investments are disclosed in the material contracts section of the Directors' Report on page 27.

In addition, the total value of all investments managed by MAM at 30 September 2019 was £134.6 million (2018: £139.9 million). Further details on the investments in the MAM investment funds are contained in the Chief Executive's Report on pages 6 to 14.

#### Substantial Share Interests

The Company's investment in the MAM Global Equity Fund, with a cost of £14.2 million, is a substantial interest in that fund at 30 September 2019 (2018: MAM Global Equity Fund of £15 million). This holding is not treated as an associate, but is accounted for as an investment held at fair value through profit or loss, in accordance with IAS 28 and IFRS 9.

#### Majedie Asset Management (MAM)

MAM is a UK based asset management firm providing investment management and advisory services across a range of UK and global equity strategies. The carrying value of the investment in MAM is included in the Balance Sheet as part of investments held at fair value through profit or loss.

| | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Cost of investment | 540 | | 540 | |
| Holding gains | 40,301 | | 58,133 | |
| Fair value of investment at 30 September | | 40,841 | | 58,673 |

The carrying value is usually assessed and approved twice a year by the Board following the relevant recommendation from the Audit Committee. The valuation of MAM is based on a formula which has been used in prior years and reflects historic three year average earnings with a single digit multiple and surplus cash after regulatory capital has been deducted. The surplus cash after regulatory capital has been deducted at 30 September 2019 was £62m. However, in light of market multiples of fund management peers contracting, fee pressures, the current political and economic uncertainty and, specifically to MAM, a fall in AUM due to net outflows from £14.1bn to £10.8bn and an announced reduction in investment management fees from 1 October 2019, the Committee has felt it appropriate to recommend to the Board to further reduce the value of the stake in MAM to £40.8m. This represents a reduction from 30 September 2018 of 22.5% and a 35% discount from the formulaic valuation. A 5% increase/decrease in MAM's earnings would result in a increase/decrease of 4.1% in the carrying value of MAM.

## 13 Investments at Fair Value Through Profit or Loss continued

In accordance with the revised shareholders' agreement, the Company may sell a certain number of shares to the MAM Employee Benefit Trust at the relevant prescribed price (as calculated in accordance with the revised shareholders' agreement). The Company sold no shares during the year (2018: nil).

As at 30 September 2019, the Company holds 57,523 ordinary 0.1p shares representing a 17.2% shareholding in MAM (2018: 57,523 ordinary 0.1p shares representing a 17.1% shareholding).

## 14 Trade and Other Receivables

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Sales for future settlement | 199 | | 26 | |
| Prepayments | 45 | | 47 | |
| Dividends receivable | 73 | | 83 | |
| Taxation recoverable | 72 | | 57 | |
| | | 389 | | 213 |

The Directors consider that the carrying amounts of trade and other receivables approximates to their fair value.

## 15 Cash and Cash Equivalents

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Deposits at banks | 2,635 | | 2,751 | |
| Other cash balances* | 763 | | 732 | |
| | | 3,398 | | 3,483 |

* Other cash balances represent unclaimed dividends by shareholders. Such cash is held in a separate account by the Company's registrar and is not available to the Company for general operations.

## 16 Trade and Other Payables

Amounts falling due within one year:

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Purchases for future settlement | 82 | | 108 | |
| Accrued expenses | 256 | | 257 | |
| Other creditors | 763 | | 732 | |
| | | 1,101 | | 1,097 |

The Directors consider that the carrying amounts of trade and other payables approximate to their fair value.

Amounts falling due after more than one year:

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| £20.7m (2018: £20.7m) 7.25% 2025 debenture stock | 20,547 | | 20,525 | |
| | | 20,547 | | 20,525 |

Debenture stock(s) are secured by a floating charge over the Company's assets. Expenses associated with the issue of the debenture stocks were deducted from the gross proceeds at issue and are being amortised over the life of the debentures. Further details on interest and the amortisation of the issue expenses are provided in note 8.

## 17 Ordinary Share Capital

| | Number | 2019 £000 | Number | 2018 £000 |
|---|---|---|---|---|
| As at 1 October | 53,439,000 | 5,344 | 53,439,000 | 5,344 |
| Ordinary 10p shares bought back for cancellation | (383,517) | (39) | | |
| As at 30 September | 53,055,483 | 5,305 | 53,439,000 | 5,344 |

All shares are allotted, fully paid up, and are of one class only. During the year 383,517 Ordinary 10p shares were bought back for cancellation at a total cost of £935,000. In accordance with the Company's Articles these were debited against the Capital Reserve. There are no shares held in Treasury.

Ordinary shares carry one vote each on a poll. The Companies Act 2006 abolished the requirement for the Company to have authorised share capital. The Company adopted new Articles of Association on 20 January 2010 which, inter alia, reflected the new legislation. Accordingly the Company has no authorised share capital. The directors will still be limited as to the number of shares they can allot at any one time as the Companies Act 2006 requires that directors seek authority from the shareholders for the allotment of new shares.

## 18 Net Asset Value

The net asset value per share has been calculated based on Equity Shareholders' Funds of £155,074,000 (2018: £178,626,000), and on 53,055,483 (2018: 53,439,000) ordinary shares, being the number of shares in issue at the year end.

The net asset value per share (with debt at fair value) has been calculated based on Adjusted Equity Shareholders' Funds of £150,206,000 (2018: £174,322,000) and on 53,055,483 (2018: 53,439,000) ordinary shares.

## 19 Reconciliation of changes in liabilities arising from financing activities

| | | | Non-cash charges | | |
|---|---|---|---|---|---|
| Long term borrowings | At 30 September 2018 £000 | Cash Flows £000 | Premium on redemption £000 | Effective interest rate accrual £000 | **At 30 September 2019 £000** |
| £13.5m 9.50% 2020 debenture stock | | | | | |
| £20.7m 7.25% 2025 debenture stock | 20,525 | | | 22 | 20,547 |
| Interest payable | | (1,501) | | 1,501 | |
| Total liabilities from financing activities | 20,525 | (1,501) | | 1,523 | 20,547 |

| | | | Non-cash charges | | |
|---|---|---|---|---|---|
| Long term borrowings | At 30 September 2017 £000 | Cash Flows £000 | Premium on redemption £000 | Effective interest rate accrual £000 | **At 30 September 2018 £000** |
| £13.5m 9.50% 2020 debenture stock | 13,459 | (16,327) | 2,869 | (1) | |
| £20.7m 7.25% 2025 debenture stock | 20,504 | | | 21 | 20,525 |
| Interest payable | | (1,736) | | 1,736 | |
| Total liabilities from financing activities | 33,963 | (18,068) | 2,869 | 1,756 | 20,525 |

## 20 Operating Lease Commitments

The Company operates in its premises by way of a sub-lease arrangement with a superior leasee, which has less than one year remaining. The arrangement allows for participation in rent reviews etc as they occur. Following a rent review in the prior year the Company has an annual commitment of £60,000 under its sub-lease arrangement (2018: £60,000). This operating lease commitment is disclosed in the table below:

| Expiry Date | 2019 £000 | 2018 £000 |
|---|---|---|
| Within one year | 60 | 60 |
| Between one and two years | | 60 |
| Between two and three years | | |
| Between three and four years | | |
| Between four and five years | | |
| | 60 | 120 |

## 21 Financial Commitments

At 30 September 2019, the Company had no financial commitments which had not been accrued for (2018: none).

## 22 Financial Instruments and Risk Profile

As an investment trust, the Company invests in securities for the long term in order to achieve its investment objective as stated on page 1. Accordingly the Company is a long term investor and it is the Board's policy that no trading in investments or other financial instruments be undertaken.

### Management of Market Risk

Management of market risk is fundamental to the Company's investment objective and the investment portfolio is regularly monitored to ensure an appropriate balance of risk and reward.

Exposure to any one entity is monitored by the Board and the Investment Manager (MAM). The Board has complied with the investment policy requirement not to invest more than 15% of the total value of the Company's gross assets, save that the Company can invest up to 25% of its gross assets in any single fund managed by MAM where the Board believes that the investment policy of such funds is consistent with the Company's objective of spreading investment risk.

MAM, as Investment Manager, can utilise derivative instruments for efficient portfolio management and investment purposes as it sees fit. There have been no derivatives used in the MAM UK Equity Segregated Portfolio in the period (2018: None). Certain MAM funds do use derivatives to meet their investment objectives.

The Company's financial instruments comprise its investment portfolio (see note 13), cash balances, debtors and creditors that arise directly from its operations such as sales and purchases for future settlement, accrued income, and the debenture loan used to partially finance its operations.

In the pursuit of its investment objective, the Company is exposed to various risks which could cause short term variation in its net assets and which could result in either or both a reduction in its net assets or a reduction in the revenue profits available for distribution by way of dividend. The main risk exposures for the Company from its financial instruments are market risk (including currency risk, interest rate risk and other price risk), liquidity risk, concentration risk and credit risk.

The Board does set the overall investment strategy and allocation. It has in place various controls and limits and receives various reports in order to monitor the Company's exposure to these risks. The risk management policies identified in this note have not changed materially from the previous accounting period.

22 Financial Instruments and Risk Profile continued

## Market Risk

The principal risk in the management of the investment portfolio is market risk i.e. the risk that values and future cashflows will fluctuate due to changes in market prices. Market risk is comprised of:

- foreign currency risk;
- interest rate risk; and
- other price risk i.e. movements in the value of investment portfolio holdings caused by factors other than interest rates or currency movements.

These risks are taken into account when setting investment policy or allocation and when making investment decisions.

## Foreign Currency Risk

Exposure to foreign currency risk arises primarily and directly through investments in securities listed on overseas equity markets. A proportion of the net assets of the Company are denominated in currencies other than Sterling, with the effect that the balance sheet and total return can be materially affected by currency movements. The Company's exposure to foreign currencies through its investments in overseas securities as at 30 September 2019 was £6,020,000 (2018: £5,810,000).

The Company's investments in the MAM funds are in Sterling denominated share classes. These share classes themselves are not hedged within the relevant MAM fund. The Company also has Sterling denominated investments which may pay dividends in foreign currencies. Additionally the investment portfolio is subject to indirect foreign currency risk impacts by having investments in investee companies that whilst listed in the UK have global operations and, as such, are subject to currency impacts on their assets and revenues. It is not possible to accurately quantify these exposures and impacts.

MAM, as Investment Manager, monitors the Company's exposure to foreign currencies and the Board receives regular reports on exposures. The Company does not hedge any foreign currency exposures back to Sterling.

The currency risk of the non-Sterling financial assets and liabilities at the reporting date was:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| Currency exposure | Overseas Investments £000 | Total Currency Exposure £000 | Overseas Investments £000 | Total Currency Exposure £000 |
| US Dollar | 2,727 | 2,727 | 1,551 | 1,551 |
| Euro | 2,523 | 2,523 | 3,430 | 3,430 |
| Swiss Franc | 623 | 623 | 621 | 621 |
| Yen | 57 | 57 | 126 | 126 |
| Other non-Sterling | 90 | 90 | 82 | 82 |
| | 6,020 | 6,020 | 5,810 | 5,810 |

### 22 Financial Instruments and Risk Profile continued

#### Sensitivity Analysis

If Sterling had strengthened by 5% relative to all currencies on the reporting date, with all other variables held constant, the income and net assets would have decreased by the amounts shown in the table below. The analysis was performed on the same basis for 2018. The revenue impact is an estimated annualised figure based on the relevant foreign currency denominated balances at the reporting date.

| Income statement | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Revenue return | | | | |
| Capital return | (301) | | (290) | |
| Net assets | | (301) | | (290) |

A 5% weakening of Sterling against the same currencies would have resulted in an equal and opposite effect on the above amounts, on the basis that all other variables remain constant. It should also be noted that the calculations are done at the reporting date and may not be representative of the year as a whole.

#### Interest Rate Risk

The Company's direct interest rate risk exposure affects the interest received on cash balances and the fair value of its debenture. Indirect exposure to interest rate risk arises through the effect of interest rate changes on the valuation of the investment portfolio. All of the financial assets held by the Company are equity shares, which pay dividends, not interest. The Company may, from time to time, hold small investments which pay interest.

The Board sets limits for cash balances and receives regular reports on the cash balances of the Company. The Company's fixed rate debenture introduces gearing to the Company which is monitored within limits and is also reported to the Board regularly. Cash balances can also be used to manage the level of gearing within the range set by the Board. The Board sets the overall investment strategy and allocation and also has various limits on the investment portfolio, which aim to spread the portfolio investments to reduce the impact of interest rate risk on investee company valuations. Regular reports are received by the Board in respect of the Company's investment portfolio and the relevant limits.

The interest rate risk profile of the financial assets and liabilities at the reporting date was:

| | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Floating rate financial assets: | | | | |
| UK Sterling | 3,398 | | 3,483 | |
| Financial assets not carrying interest | 173,303 | | 196,728 | |
| | | 176,701 | | 200,211 |
| Fixed rate financial liabilities: | | | | |
| UK Sterling | (20,547) | | (20,525) | |
| Financial liabilities not carrying interest | (1,101) | | (1,097) | |
| | | (21,648) | | (21,622) |

Floating rate financial assets usually comprise cash on deposit with banks, which is repayable on demand and receives a rate of interest based, in part, on the UK base rates in force over the period. The Company does not normally hold non-Sterling cash as all foreign currency receivables or payables are converted back into Sterling at the settlement date of the relevant transaction. The fixed rate financial liabilities comprise the Company's debenture, totalling £20.7 million in total on a nominal basis. It pays a rate of interest of 7.25% per annum and will mature in March 2025 (£20.7 million nominal) (2018: One debenture totaling £20.7 million nominal with an interest rate of 7.25% per annum. Maturity is in March 2025).

## 22 Financial Instruments and Risk Profile continued

### Sensitivity Analysis

Based on closing cash balances held on deposit with banks, a notional 0.5% decrease in the UK base interest rates would have no material effect on net assets and the net revenue return before tax of the Company, due to the extremely low rates at the moment.

A 0.5% increase in interest rates would result in a larger impact, as is shown in the table below. Both analyses are solely based on balances at the reporting date and is not representative of the year as a whole.

| Income statement | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Revenue return | 13 | | 14 | |
| Net assets | | 13 | | 14 |

### Other Price Risk

Exposure to market price risk is significant and comprises mainly movements in the market prices and hence value of the Company's listed equity security investments and its investments in the unlisted MAM Funds, (although the funds themselves are unlisted they are invested in listed equity securities), which are both disclosed in note 13 on pages 72 to 75. The Company also has unlisted investments which are indirectly impacted by movements in listed equity prices and related variables. The Board sets the overall investment strategy and allocation which aims to achieve a spread of investments across sectors and regions in order to reduce risk. The Board receives reports on the investment portfolio, performance and volatility on a regular basis in order to ensure that the investment portfolio is in accordance with the investment policy.

MAM's policy as Investment Manager is to manage risk through a combination of monitoring the exposure to individual securities, industry and geographic sectors, whilst maintaining a constant awareness in real time of the portfolio exposures in accordance with the investment strategy. Any derivative positions are marked to market and exposure to counterparties is also monitored on a daily basis by MAM. At the year end the Company itself did not hold any derivatives (2018: None).

As mentioned earlier, MAM use derivative instruments including index-linked notes, contracts for difference, covered options and other equity-related derivative instruments for efficient portfolio management and investment purposes. As also noted previously this may occur in the MAM funds and there have been no derivatives used in the MAM UK Equity Segregated Portfolio. The Board has regular presentations from MAM on their investment strategy and approach.

The following table details the exposure to market price risk on the listed and unlisted equity investments:

| | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Non-current investments held at fair value through profit or loss | | | | |
| Listed equity investments | 48,389 | | 51,287 | |
| Unlisted equity investments (MAM Funds) | 83,639 | | 86,458 | |
| Unlisted equity investments | 40,886 | | 58,770 | |
| | | 172,914 | | 196,515 |

## 22 Financial Instruments and Risk Profile continued

### Sensitivity Analysis

If share prices on listed equity security investments and the unlisted equity investments (MAM Funds) had decreased by 10% at the reporting date with all other variables remaining constant, the net return before tax and the net assets would have decreased by the amounts shown below. Details of the sensitivity analysis in respect of the investment in MAM is shown in note 13 on page 75.

| Income statement | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Capital return | 13,203 | | 13,775 | |
| Net assets | | 13,203 | | 13,775 |

A 10% increase in listed equity security share prices would have resulted in a proportionately equal and opposite effect on the above amounts on the basis that all other variables remain constant. The analysis has been calculated on the investment portfolio held at the reporting date and this may not be representative of the year as a whole.

### Credit Risk

Credit risk is the risk of other parties failing to discharge an obligation causing the Company financial loss. The Company's exposure to credit risk is managed by the following:

- The Company's investments are held on its behalf by the Company's Depositary, who delegates safekeeping to the Custodian, the Bank of New York Mellon SA/NV, London branch, which, if it became bankrupt or insolvent, could cause the Company's rights with respect to securities held to be delayed. However under the AIFMD, the Depositary provides certain indemnities in respect of the Company's investments. The Company receives regular internal control reports from the Custodian which are reported to and reviewed by the Audit Committee.
- Investment transactions are undertaken by MAM with a number of approved brokers in the ordinary course of business on a contractual delivery versus payment basis. MAM has procedures in place whereby all new brokers are subject to credit checks and approval by them prior to any business being undertaken. MAM utilises the services of a large range of approved brokers thereby mitigating credit risk by diversification.
- Company cash is held at banks that are considered to be reputable and of high quality. Cash balances above a certain threshold are spread across a range of banks to reduce concentration risk.

### Credit Risk Exposure

The table below sets out the financial assets exposed to credit risk as at the reporting date:

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Cash on deposit and at banks | 3,398 | | 3,483 | |
| Sales for future settlement | 199 | | 26 | |
| Interest, dividends and other receivables | 190 | | 187 | |
| | | 3,787 | | 3,696 |
| Minimum exposure during the year | 2,889 | | 3,121 | |
| Maximum exposure during the year | 7,485 | | 20,426 | |

All amounts included in the analysis above are based on their carrying values.

None of the financial assets were past due at the current or prior reporting date.

## 22 Financial Instruments and Risk Profile continued

### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations as they fall due.

Liquidity risk is monitored, although it is recognised that the majority of the Company's assets are invested in quoted equities and other quoted securities that are readily realisable (MAM fund investments are highly liquid). The Board has various limits with respect to how much of the Company's assets can be invested in any one company. The unlisted investments in the portfolio are subject to liquidity risk, but such investments (excluding MAM) are a very small part of the portfolio and are in realisation mode. Nonetheless limits remain for any such investments and liquidity risk is always considered when making investment decisions in such securities. The Company is subject to concentration risk due to its investment in MAM, at 23.3% (2018: 29.5%) of the Company's total assets. This investment is closely monitored by the Board who receive regular financial and operational reports, and it is believed that the current concentration risk here is mitigated somewhat by the diversification undertaken within the MAM business itself.

The Company maintains an appropriate level of non-investment related cash balances in order to finance its operations. The Company regularly monitors such cash balances to ensure all known or forecasted liabilities can be met. The Board receives regular reports on the level of the Company's cash balances. The Company does not have any overdraft or other undrawn borrowing facilities to provide liquidity.

A maturity analysis of financial liabilities showing remaining contractual maturities is detailed below:

| 2019<br>Undiscounted cash flows | Due within 1 year £000 | Due between 1 and 2 years £000 | Due between 2 and 3 years £000 | Due 3 years and beyond £000 | Total £000 |
|---|---|---|---|---|---|
| 7.25% 2025 debenture stock | | | | 20,700 | 20,700 |
| Interest on financial liabilities | 1,501 | 1,501 | 1,501 | 3,752 | 8,255 |
| Trade payables and other liabilities | 1,101 | | | | 1,101 |
| | 2,602 | 1,501 | 1,501 | 24,452 | 30,056 |

| 2018<br>Undiscounted cash flows | Due within 1 year £000 | Due between 1 and 2 years £000 | Due between 2 and 3 years £000 | Due 3 years and beyond £000 | Total £000 |
|---|---|---|---|---|---|
| 7.25% 2025 debenture stock | | | | 20,700 | 20,700 |
| Interest on financial liabilities | 1,501 | 1,501 | 1,501 | 5,253 | 9,756 |
| Trade payables and other liabilities | 1,097 | | | | 1,097 |
| | 2,598 | 1,501 | 1,501 | 25,953 | 31,553 |

## 22 Financial Instruments and Risk Profile continued

### Categories of financial assets and liabilities

The following table analyses the carrying amounts of the financial assets and liabilities by categories as defined in IFRS 9 (2018: IAS 39):

| Financial assets | 2019 £000 | | 2018 £000 | |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | |
| Equity securities | 172,914 | | 196,515 | |
| | | 172,914 | | 196,515 |
| Other financial assets* | | 3,787 | | 3,696 |
| | | 176,201 | | 200,211 |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost** | 21,648 | | 21,622 | |
| | | 21,648 | | 21,622 |

* Other financial assets include cash and cash equivalents, sales for future settlement, dividend and interest receivable and other receivables.

** Financial liabilities measured at amortised cost include debenture stock in issue, purchases for future settlement, investment management fees, other payables and accrued expenses.

The investment portfolio has been valued in accordance with the accounting policy in note 1 to the accounts, i.e. at fair value. The debenture stock is classified as level 3 under the fair value hierarchy. The fair value of the debenture stock is calculated using a standard bond pricing method, using a redemption yield of a similar UK Gilt stock with an appropriate margin being applied.

| | Book Value 2019 £000 | | Book Value 2018 £000 | | Fair Value 2019 £000 | | Fair Value 2018 £000 | |
|---|---|---|---|---|---|---|---|---|
| £20.7m (2018: £20.7m) 7.25% 2025 debenture stock | 20,547 | | 20,525 | | 25,415 | | 24,829 | |
| | | 20,547 | | 20,525 | | 25,415 | | 24,829 |

The fair value of the 7.25% 2025 debenture stock is calculated by using the yield of UK Treasury gilt of equal maturity plus a 2.5% risk premium. A 1% increase/decrease in yield, at the year end, would result in a decrease/increase in fair value of £1,153,000 (2018: £1,279,000).

### Capital Management Policies and Procedures

The Company's capital management objectives are:

- to ensure that it is able to continue as a going concern; and
- to maximise the revenue and capital returns to its shareholders through a mix of equity capital and debt. The Board set a range for the Company's net debt (comprised as debentures less cash) at any one time which is maintained by management of the Company's cash balances.

22 Financial Instruments and Risk Profile continued

| | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|---|---|---|---|
| Net Debt | | | | |
| Adjusted cash and cash equivalents* | (2,686) | | (2,599) | |
| Debentures | 20,547 | | 20,525 | |
| Sub total | | 17,861 | | 17,926 |
| Equity | | | | |
| Equity share capital | 5,305 | | 5,344 | |
| Retained earnings and other reserves | 149,769 | | 173,282 | |
| Shareholders' funds | | 155,074 | | 178,626 |
| Gearing | | | | |
| Net debt as a percentage of shareholders' funds | | 11.5% | | 10.0% |

* Adjusted cash and cash equivalents comprise cash plus current assets less current liabilities.

Maximum potential gearing represents the highest gearing percentage on the assumption that the Company had no net current assets. As at 30 September 2019 this was 13.2% (2018: 11.5%).

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The review includes:

- the level of gearing, taking into account MAM's views on capital markets;
- the level of the Company's free float of shares as the Barlow family owns approximately 53.9% of the share capital of the Company; and
- the extent to which revenue in excess of that required to be distributed should be retained.

These objectives, policies and processes for managing capital are unchanged from the prior period.

The Company is also subject to various externally imposed capital requirements which are that:

- the debenture stock is not to exceed, in aggregate, 66 2/3% of the adjusted share capital and reserves in accordance with the relevant Trust Deed;
- the Company has to comply with statutory requirements relating to dividend distributions; and
- the AIFMD imposes a requirement for all AIFs to have in place a limit on the amount of leverage that they may hold. It is then the responsibility of the relevant AIFM to ensure that this limit is not exceeded, which in this case is the Company (as a self-managed AIF).

## 22 Financial Instruments and Risk Profile continued

Leverage is similar to gearing (as calculated in accordance with AIC guidelines previously), but the AIFMD mandates a certain calculation methodology which must be applied. Leverage as calculated under the AIFMD methodology for the Company is:

| Gross Method | 2019 £000 | 2018 £000 |
|---|---|---|
| Investments held at fair value through profit or loss | 172,914 | 196,515 |
| Total investments at exposure value as defined under the AIFMD | 172,914 | 196,515 |
| Equity Shareholders' Funds | 155,074 | 178,626 |
| Leverage (times) | 1.12 | 1.10 |

| Commitment Method | 2019 £000 | 2018 £000 |
|---|---|---|
| Investments held at fair value through profit or loss | 172,914 | 196,515 |
| Cash and cash equivalents | 3,398 | 3,483 |
| Total investments at exposure value as defined under the AIFMD | 176,312 | 199,998 |
| Equity Shareholders' Funds | 155,074 | 178,626 |
| Leverage (times) | 1.14 | 1.12 |

The leverage figures calculated above represent leverage as calculated under the gross and commitment methods as defined under the AIFMD (a figure of 1 represents no leverage or gearing). The two methods differ in their treatment of amounts outstanding under derivative contracts with the same counterparty, which are not applicable to the Company, and of the treatment of cash balances. In both methods the Company has included the debenture by including the value of investments purchased by those borrowings, rather than their balance sheet value. The Company's leverage limit under the AIFMD is 1.5 times, which equates to a borrowing level of 50% (the Company has not exceeded this limit at any time during the past or prior year).

These requirements are unchanged from the prior year and the Company has complied with them.

## 23 Related Party Transactions

### Majedie Asset Management (MAM)

MAM is the Investment Manager to the Company, under the terms of an Investment Agreement which provides for MAM to manage the Company's investment assets on both a segregated portfolio basis and also by investments into various MAM funds. Details of the Investment Agreement are contained in the material contracts section of the Directors' report on pages 26 to 27. As Investment Manager, MAM is entitled to receive investment management fees. In respect of the Segregated Portfolio investment these are charged directly to the Company and are shown as an expense in its accounts. Any fees due in respect of investments made into any MAM funds are charged in the fund's accounts and are therefore included as part of the investment value of the relevant holdings. Details concerning the Company's investments in the period in the MAM funds are shown in the Chief Executive's Report on pages 6 to 14.

MAM is also entitled to receive performance fees on the Company's investment in the MAM Tortoise Fund. There are no performance fees due currently.

In addition to the above, the Company retains an investment in MAM itself. Mr JWM Barlow is a Non Executive Director of MAM, but receives no remuneration for this role. MAM is accounted for as an investment in the Company's accounts and is valued at fair value through profit or loss. Details concerning the Company's investment in MAM is included in the Chief Executive's Report on pages 12 to 13 and in note 13 on page 75.

The table below discloses the transactions and balances for the related party:

| Transactions during the period: | 2019 £000 | 2018 £000 |
|---|---|---|
| Dividend income received from MAM | 4,602 | 4,602 |
| Management fee income due to MAM (Segregated Portfolio only) | 373 | 431 |
| Balances outstanding at the end of the period: | | |
| Between the Company and MAM (Segregated Portfolio investment management fees) | 93 | 103 |
| Value of the Company's investment in MAM | 40,841 | 58,673 |

### Remuneration

The remuneration of the Directors, who are the key management personnel of the Company, are set out below in aggregate for each of the categories specified in IAS 24: Related Party disclosures. There are no amounts outstanding at 30 September 2019 for Directors fees or salary (2018: Nil). Further information about the remuneration of individual Directors is provided in the audited section of the Report on Directors' Remuneration on page 40.

| | 2019 £000 | 2018 £000 |
|---|---|---|
| Short term employee benefits | 344 | 326 |
| | 344 | 326 |

# Notice of Meeting

*This Notice of Meeting is an important document. If shareholders are in any doubt as to what action to take, they should consult an appropriate independent advisor.*

Notice is hereby given that the one hundred and ninth Annual General Meeting of Majedie Investments PLC will be held at City of London Club, 19 Old Broad Street, London EC2N 1DS on Wednesday 22 January 2020 at 12 noon for the purpose of transacting the following:

To consider and, if thought fit, pass the following Resolutions of which Resolutions 1 to 11 will be proposed as Ordinary Resolutions and Resolutions 12 to 14 shall be proposed as Special Resolutions. All business to be transacted at the AGM is Ordinary Business for the purpose of the Listing Rules.

## Ordinary Resolutions

1. To receive the Directors' Report and Accounts for the year ended 30 September 2019.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2019, which can be found on pages 39 to 42.
3. To declare a final dividend of 7.00p per share in respect of the year ended 30 September 2019.
4. To elect JM Lewis as a Director.
5. To elect AMJ Little as a Director.
6. To re-elect PD Gadd as a Director.
7. To re-elect JWM Barlow as a Director.
8. To re-elect RDC Henderson as a Director.
9. To re-appoint Ernst & Young LLP as auditors.
10. To authorise the Directors to fix the auditor's remuneration.
11. THAT for the purposes of section 551 of the Companies Act 2006 the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot shares and grant rights to subscribe for, or convert any securities into, Ordinary Shares up to a maximum number of 5,298,985 Ordinary Shares, provided that:

    a) the authority granted shall (unless previously revoked or renewed) expire at the conclusion of the next annual general meeting of the Company in 2021, or if earlier, on the expiry of 15 months from the passing of this Resolution; and

    b) the authority shall allow and enable the Directors to make an offer or agreement before the expiry of that authority which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement as if that authority had not expired.

## Special Resolutions

12. THAT, subject to the passing of resolution 11 above, the Directors be empowered in accordance with sections 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (within the meaning of section 560 of the Act) of the Company for cash pursuant to the authority conferred by resolution 11 as if section 561 of the Act did not apply to any such allotment, provided that:

    a) the power granted shall be limited to the allotment of equity securities wholly for cash up to a maximum number of 5,298,985 Ordinary Shares;

    b) the authority granted shall (unless previously revoked) expire at the conclusion of the next Annual General Meeting of the Company in 2021 or, if earlier, 15 months after the passing of this resolution; and

    c) the said power shall allow and enable the Directors to make an offer or agreement before the expiry of that power which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if that power had not expired.

13. THAT the Company be and is hereby generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the Act) to make market purchases (within the meaning of section 693 of the Act) of Ordinary Shares of 10p each in the capital of the Company (Ordinary Shares), provided that:

    (a) the maximum number of Ordinary Shares hereby authorised to be purchased shall be 7,951,130, or if less, 14.99% of the number of shares in circulation immediately following the passing of this Resolution;

    (b) the minimum price which may be paid for each Ordinary Share is 10p;

    (c) the maximum price payable by the Company for each Ordinary Share is the higher of:

        (i) 105% of the average of the middle market quotations of the Ordinary Shares in the Company for the five business days prior to the date of the market purchase; and

        (ii) the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out;

    (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2021 or, if earlier, on the expiry of 18 months from the passing of this Resolution, unless such authority is renewed prior to such time; and

    (e) the Company may make a contract to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary Shares pursuant to any such contract.

14. THAT the Company be and is hereby generally and unconditionally authorised to hold general meetings (other than annual general meetings) on 14 clear days' notice.

By order of the Board
Link Company Matters Limited
Company Secretary
10 December 2019

Registered Office
1 King's Arms Yard
London
EC2R 7AF

Registered in England Number: 109305

## Explanation of Notice of Annual General Meeting

### Resolution 1 – To receive the Directors' Report and Accounts

The Directors are required to present the financial statements, Directors' report and Auditor's report to the meeting. These are contained in the Company's Annual Report and Financial Statements 2019. A resolution to receive the financial statements, together with the Directors' report and the Auditor's report on those accounts for the financial period ended 30 September 2019 is included as an ordinary resolution.

### Resolution 2 – Directors' Remuneration Report

Reflecting the remuneration reporting regime which came into effect on 1 October 2013, shareholders have an annual advisory vote on the report on Directors' remuneration. Accordingly, shareholders are being asked to vote on the receipt and approval of the Directors' Remuneration Report as set out on pages 39 to 42 of the 2019 Annual Report.

### Resolution 3 – Final Dividend

The Board proposes a final dividend of 7.00 pence per share in respect of the year ended 30 September 2019. If approved, the recommended final dividend will be paid on 28 January 2020 to all ordinary shareholders who are on the register of members on 10 January 2020. The shares will be marked ex-dividend on 9 January 2020.

### Resolutions 4-8 – Re-election of Directors

The Company's Articles of Association require that at every Annual General Meeting any Director who has not retired from office at the preceding two Annual General Meetings shall stand for re-election by the Company. In spite of this, and in line with good corporate governance, the Directors have chosen to put themselves up for annual re-election going forwards.

Ms Lewis and Mr Little will retire at the forthcoming Annual General Meeting and being eligible, will offer themselves for election.

Messrs. Gadd and Henderson will retire at the forthcoming Annual General Meeting, and, being eligible, will offer themselves for re-election.

Mr Barlow, having served for over nine years and being a Non Executive Director of Majedie Asset Management, the Investment Manager, must submit himself for annual re-election.

Full biographies of all the Directors are set out in the Company's 2019 Annual Report and are also available for viewing on the Company's website http://www.majedieinvestments.com/overview.

### Resolutions 9 and 10 – Re-appointment and Remuneration of Auditor

At each meeting at which the Company's financial statements are presented to its members, the Company is required to appoint an auditor to serve until the next such meeting. The Board, on the recommendation of the Audit Committee, recommends the re-appointment of Ernst & Young LLP and gives authority to the Audit Committee to determine the auditor's remuneration.

### Resolution 11 – Authority to allot ordinary shares

Resolution 11 authorises the Board to allot ordinary shares generally and unconditionally in accordance with Section 551 of the Companies Act 2006 up to a maximum number of 5,298,985 Ordinary Shares, representing approximately 9.99% of the issued ordinary share capital at the date of the Notice.

No ordinary shares will be issued at a price less than the prevailing net asset value per Ordinary Share at the time of issue. This authority shall expire at the Annual General Meeting to be held in 2021.

### Resolution 12 – Authority to dis-apply pre-emption rights

Resolution 12 is a special resolution which is being proposed to authorise the Directors to disapply the pre-emption rights of existing shareholders in relation to issues of ordinary shares under Resolution 11 (being a maximum number of 5,298,985 Ordinary Shares, representing approximately 9.99% of the issued ordinary share capital at the date of the Notice).

This authority shall expire at the Annual General Meeting to be held in 2021.

### Resolution 13 – Purchase of Own Shares

Resolution 13 is a special resolution that will grant the Company authority to make market purchases of up to 7,951,130 Ordinary Shares, representing 14.99% of the ordinary shares in issue as at the date of the Notice. Any shares bought back will either be cancelled or placed into treasury at the determination of the Directors.

The maximum price which may be paid for each Ordinary Share must not be more than the higher of (i) 105% of the average of the mid-market values of the Ordinary Shares for the five business days before the purchase is made or (ii) the higher of the price of the last independent trade and the highest current independent bid for the Ordinary Shares. The minimum price which may be paid for each ordinary share is £0.10.

The Directors would not exercise the authority granted under this resolution unless they consider it to be in the best interests of shareholders. Purchases would be made in accordance with the provisions of the Companies Act 2006 and the Listing Rules. This authority shall expire at the Annual General Meeting to be held in 2021 when a resolution to renew the authority will be proposed.

### Resolution 14 – Notice Period for General Meetings

Resolution 14 is a special resolution that will give the Directors the ability to convene general meetings, other than annual general meetings, on a minimum of 14 clear days' notice. The minimum notice period for annual general meetings will remain at 21 clear days. This authority would provide the Company with flexibility where action needs to be taken quickly but will only be used where the Directors consider it in the best interests of shareholders to do so and the matter is required to be dealt with expediently. The approval will be effective until the Company's Annual General Meeting to be held in 2021, at which it is intended that renewal will be sought.

### Recommendation

Full details of the above resolutions are contained in the Notice. The Directors consider that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its members as a whole. The Directors unanimously recommend that shareholders vote in favour of all the resolutions, as they intend to do in respect of their own beneficial holdings.

*Note 1*
To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast) members must be entered on the Company's register of members at close of business on 20 January 2020 (or, in the event of any adjournment, close of business on the date which is two days (excluding weekends and bank holidays) before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

*Note 2*
A member entitled to attend and vote at this meeting may appoint one or more persons as his/her proxy to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the Company. If multiple proxies are appointed they must not be appointed in respect of the same shares. To be effective, a copy of the enclosed personalised form of proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, should be lodged at the office of the Company's Registrar, not later than 48 hours before (excluding weekends and bank holidays) the time of the meeting or any adjustment thereof. The appointment of a proxy will not prevent a member from attending the meeting and voting in person if he/she so wishes. A member present in person or by proxy shall have one vote on a show of hands. On a vote by poll every member present in person or by proxy shall have one vote for every ordinary share of which he/she is the holder. The termination of the authority of a person to act as proxy must be notified to the Company in writing.

To appoint more than one proxy, shareholders will need to complete a separate proxy form in relation to each appointment (you may photocopy the proxy form), stating clearly on each proxy form how many shares the proxy is appointed in relation to. A failure to specify the number of shares each proxy appointment relates to or specifying an aggregate number of shares in excess of those held by the member will result in the proxy appointment being invalid. Please indicate if the proxy instruction is one of multiple instructions being given. All proxy forms must be signed and should be returned together in the same envelope.

*Shareholders may cast a vote electronically rather than completing a hard copy proxy form. To do so, go to Computershare's URL: www.investorcentre.co.uk/eproxy where the following details, which can be found on your proxy card or in an email received from Computershare, will be required:*

- *the meeting control number;*
- *your shareholder reference number; and*
- *your unique pin code.*

*For the electronic proxy to be valid it must be received by Computershare no later than 12.00 noon on Monday 20 January 2020.*

*Note 3*
In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the register of members in respect of the joint holding (the first-named being the most senior).

*Note 4*
Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The statements of the rights of members in relation to the appointment of proxies in Note 2 above does not apply to a Nominated Person. The rights described in that Note can only be exercised by registered members of the Company.

*Note 5*
Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001, only those shareholders registered in the register of members of the Company as at close of business on 20 January 2020 shall be entitled to attend and vote at the aforesaid Annual General Meeting in respect of the number of shares registered in their name at the that time. Changes to entries on the relevant register of members after close of business on 20 January 2020 (the specified time) shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned Meeting. If, however, the Meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at the time which is 48 hours before the time fixed for the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice.

*Note 6*
CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for this meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual, which is available to download from the Euroclear website (www.euroclear.com/CREST). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

*Note 7*
As at the date of this Notice, the Company's issued share capital and total voting rights amounted to 53,042,899 Ordinary Shares carrying one vote each.

*Note 8*
In accordance with Section 319A of the Companies Act 2006, the Company must cause any question relating to the business being dealt with at the meeting put by a member attending the meeting to be answered. No such answer need be given if:

a) to do so would:

   (i) interfere unduly with the preparation for the meeting; or

   (ii) involve the disclosure of confidential information;

b) the answer has already been given on a website in the form of an answer to a question; or

c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

*Note 9*
Any corporation which is a member can appoint one or more corporate representative(s) who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers in relation to the same shares.

*Note 10*
Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

*Note 11*
A copy of this notice and any subsequent notices in respect of section 388A and any information required under section 311A of the Companies Act 2006 will be available on the Company's website www.majedieinvestments.com.

*Note 12*
The terms and conditions of appointment of Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Saturdays, Sundays and public holidays) until the date of the Meeting and at the place of the Meeting for a period of fifteen minutes prior to and during the Meeting.

*Note 13*
You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than these expressly stated.

*Note 14*
If a shareholder receiving this notice has sold or transferred all shares in the Trust, this notice and any other relevant documents (e.g. form of proxy) should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser.

**Before investing in the Company's shares, potential investors must read the Key Information Document and the Investor Disclosure Document. They are available on the Company's website at www.majedieinvestments.com, under the investing section.**

## Equiniti Shareview Dealing Investment Account

The Equiniti Investment Account (EIA) is a flexible and cost effective way to invest or save in the shares of Majedie Investments PLC. There are no charges apart from Stamp Duty which is payable on all share investments. The EIA is able to be operated online or by phone.

Lump sum investments are dealt with on a daily basis whereas the monthly savings facility is an affordable and effective way of building a substantial shareholding over a longer term. The minimum monthly investment is £50. There is no minimum lump sum investment amount and there are no maximum limits.

There are no dealing charges and there is no annual management fee (the Company subsidises the EIA running costs). Your lump sum or monthly payments will be used to buy as many shares as possible after deducting Government Stamp Duty, currently at the rate of 0.5%.

Dividends may either be paid in cash or reinvested in the EIA. Existing Majedie shareholdings may be transferred into the EIA. You may close your EIA by selling all your shares at any time.

To summarise:

| | | |
|---|---|---|
| Investment | Lump sum | No minimum |
| | Monthly savings | from £50 |
| Charges | Initial | Nil* |
| | Annual | Nil |
| | Sale of Shares | Nil |

* Except stamp duty of 0.5%

For further details please contact Equiniti Financial Services Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Telephone: 0345 300 0430. Email: enquiries@equinitishareviewdealing.com.

Please note that the previous Majedie Share Plan has now closed. For further information please visit the Company's website http://www.majedieinvestments.com/.

# Majedie Corporate ISA

**The Majedie Corporate ISA (Individual Savings Account) provides a tax effective way to invest or save in the shares of Majedie Investments PLC. There are no initial charges and no annual management fees. Halifax Share Dealing Limited is the Majedie Corporate ISA Manager.**

ISA's provide the following benefits:

- no extra income tax payable on income generated within the ISA;
- no need to include the details of your ISA in reports to the HM Revenue & Customs;
- no Capital Gains Tax liability on any profits arising from within the ISA;
- no minimum period of investment

The Majedie Corporate ISA provides the additional benefit of extremely low cost. There are no initial charges and no annual management charges. Furthermore there is no brokerage charge on purchases as part of the weekly bulk dealing for the scheme. However there is Government Stamp Duty on purchases, currently at 0.5%, and there is also an additional charge should you wish to make use of the Real Time Dealing Service*.

Shares may be purchased either by way of a lump sum payment or through regular monthly payments. The minimum lump sum investment is £50, while the minimum direct debit subscription is £20. The maximum investment permitted is £20,000 for the 2019/20 tax year. Investments can be split between a Cash ISA a Stocks and Shares ISA, and a Lifetime ISA. Income may be paid direct to your bank or building society on a half-yearly basis or reinvested.

**To summarise:**

| | | |
|---|---|---|
| Investment | Lump sum | from £50 |
| | Monthly savings | from £20 |
| ISA Charges | Initial | Nil |
| | Annual | Nil |
| Dealing Charges* | Online | £12.50 |
| | Telephone | From £25.00 |

The Majedie Corporate ISA is provided in conjunction with Halifax Share Dealing Limited (HSDL) who act as an HM Revenue & Customs Approved ISA Manager. To apply please contact Halifax Share Dealing on 03457 22 55 25, quoting Stock Code: MXMJ. Telephone calls may be recorded for security purposes and may be monitored under the Bank's quality control procedures.

The value of investments and income from them can go down as well as up and you may not get back the amount you originally invested. Any tax concessions are not guaranteed and may be changed at any time. The value of any tax concessions will depend on your individual circumstances.

Halifax Share Dealing Limited. Registered in England and Wales no. 3195646. Registered Office: Trinity Road, Halifax, West Yorkshire, HX1 2RG. Authorised and regulated by the Financial Conduct Authority under registration number 183332. A Member of the London Stock Exchange and an HM Revenue & Customs Approved ISA Manager.

* Please call 03457 22 55 25 for further information

## Majedie ISA (formerly a PEP)

You are no longer able to put new money into a PEP. However, your existing PEP investments remain sheltered from tax in an ISA.

Please note that ISA limits apply and taxation levels and bases are subject to change. Past performance of investments is not a guide to future performance as their value can go down as well as up.

Further details may be obtained from the Company's ISA Manager, The Share Centre, PO Box 2000, Aylesbury, Buckinghamshire HP21 8ZB (telephone: 0800 800 008).

# Shareholder Information

### Registered Office
1 King's Arms Yard
London EC2R 7AF
Telephone: 020 7382 8170
E-mail: majedie@majedieinvestments.com
Registered Number: 109305 England

### Company Secretary
Link Company Matters Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

### Investment Manager
Majedie Asset Management Limited
10 Old Bailey
London EC4M 7NG
Telephone: 020 7618 3900
Email: info@majedie.com

### Depositary
The Bank of New York Mellon (International) Limited
1 Canada Square
London E14 5AL

The Depositary acts as global custodian and may delegate safekeeping to one or more global sub-custodians. The Depositary has delegated safekeeping of the assets of the Company to The Bank of New York Mellon SA/NV and The Bank of New York Mellon.

### AIFM
Majedie Investments PLC

### Solicitor
Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

### Website
www.majedieinvestments.com

### Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1159

Shareholders should notify all changes of name and address in writing to the Registrars. Shareholders may check details of their holdings, historical dividends, graphs and other data by accessing www.computershare.com.

Shareholders wishing to receive communications from the Registrars by email (including notification of the publication of the annual and interim reports) should register on-line at http://www-uk.computershare.com/investor. Shareholders will need their shareholder number, shown on their share certificate and dividend vouchers, in order to access both of the above services.

### Auditors
Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY

### Stockbrokers
J.P. Morgan Cazenove
25 Bank Street
London E14 5JP

### ISIN
Ordinary: GB0005555221
Debenture 7.25% 31/03/2025: GB0006733058

### Ticker
Ordinary: MAJE
Debenture 7.25% 31/03/2025: BD22

### Sedol
Ordinary: 0555522
Debenture 7.25% 31/03/2025: 0673305

## Key Dates in 2020

| | |
|---|---|
| Ex-dividend date | 9 January 2020 |
| Record date | 10 January 2020 |
| Annual General Meeting | 22 January 2020 |
| 2018/19 final dividend payable | 28 January 2020 |
| Interim results announcement | May 2020 |
| 2019/20 interim dividend payable | June 2020 |
| Financial year end | 30 September 2020 |
| Final results announcement | December 2020 |
| Annual Report mailed to shareholders | December 2020 |

## Website

www.majedieinvestments.com

## Share Price

The share price is quoted daily in The Times, Financial Times, The Daily Telegraph, The Independent and London Evening Standard. Shares may be bought through the Equiniti Shareview Dealing Investment Account or Majedie Corporate ISA (details of which are set out on pages 95 to 96). You may transfer an existing PEP or ISA to the Majedie ISA (page 96). You may also purchase shares through an on-line dealing facility or via your stockbroker or bank.

## Net Asset Value

The Company announces its net asset value daily through the London Stock Exchange and on its website. The Financial Times publishes daily estimates of the net asset value and discount.

## Capital Gains Tax

For capital gains tax purposes the adjusted market price of the Company's shares at 31 March 1982 was 35.875p per 10p share. Former shareholders of Barlow Holdings PLC are recommended to consult their professional advisers in this regard.

## Warning to shareholders

Many companies are aware that their shareholders have received unsolicited calls or correspondence concerning investment matters. These are typically from overseas based brokers who target UK shareholders offering to sell them what often turns out to be worthless or high risk shares based in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers for free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.
If you are in any doubt about the veracity of an unsolicited telephone call, please either call the Company or the Registrar.

# Notes

**Majedie Investments PLC**

1 King's Arms Yard
London EC2R 7AF

Telephone 020 7382 8170
E-mail majedie@majedieinvestments.com

**www.majedieinvestments.com**