



# Article 23 Disclosures

## Castelnau Group Limited

September 2021

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Introduction

This document contains the information required to be made available to investors in the Company before they invest, pursuant to the AIFM Directive (as implemented by the UK AIFM Regime and the FCA Handbook).

This document contains solely that information that Phoenix Asset Management Partners Limited (as the alternative investment fund manager of the Company) (the “Investment Manager”) is required to make available to investors pursuant to the UK AIFM Regime and should not be relied upon as the basis for any investment decision.

Terms defined in this document shall have the same meanings as defined on the prospectus published by the Company dated 23 September 2021.

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Disclosure requirement

Disclosure or location of disclosure

(a) a description of the investment strategy and objectives of the Company;

**Investment Objective**

The Company’s investment objective is to compound Shareholder’s capital at a higher rate of return than the FTSE All Share Total Return Index over the long term.

**Investment Policy**

The Company will seek to achieve a high rate of compound return over the long term by carefully selecting investments using a thorough and objective research process and paying a price which provides a material margin of safety against permanent loss of capital, but also a favourable range of outcomes.

The Company will follow a high conviction investment strategy. The expertise and processes developed by the Investment Manager can be applied to all parts of the capital structure of a business, both private and publicly quoted. These positions could be represented by a minority stake, a control position combined with operational involvement, full ownership of a company, a joint venture, a loan or convertible instrument, a short position or any other instrument which allows the Company to access value.

The Company may select investments from all asset classes, geographies and all parts of the capital structure of a business. Both private and public markets are within the scope of the Company’s investment policy. The constraints on the Investment Manager lie in the high standards, strict hurdles and diligent processes used to select investments. These constraints help to maximise returns by reducing mistakes, enforcing a margin of safety and only accepting investments with a favourable range of outcomes.

The Company expects to hold a concentrated portfolio of investments and the Company will not seek to reduce concentration risk through diversification. The opportunity set will dictate the number of holdings and the weighting of investments in the Portfolio. The investments with the best return profiles will receive the largest weightings. The Company will therefore have no set diversification policies.

The volatility of mark-to-market prices does not affect the investment process. It is likely that volatility in the market price of a listed investment will provide attractive entry or exit points and so investors should expect high volatility to sit alongside the high long-term compounding rates that the Company is aiming to achieve.

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The constituents of local indices, the weightings of investments in these indices and the volatility of the indices relative to the Company will not affect investment decisions. It is anticipated that agnosticism towards local indices will help focus research efforts, decision making and ultimately investment performance.

The Company may invest directly or through special purpose vehicles if considered appropriate.

#### *Investment Restrictions*

The Company will not invest in companies whose principal business is, (a) tobacco or tobacco related products; (b) engaged directly in weapons production, or (c) engaged in the pornography industry.

There will be no cross-financing between the companies forming part of the Portfolio and no operation of a common treasury function between the Company and any of its Portfolio Companies.

The Company will invest no more than 15 per cent. of its total assets in other investment companies whose shares are admitted to the Premium Listing Segment of the Official List.

#### *Derivatives*

The Company currently does not intend to, but may, use derivatives, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the investment portfolio resulting from fluctuations in the securities and changes in currencies and interest rates; (ii) protect the Company's unrealised gains in the value of the investment portfolio; (iii) enhance or preserve returns, spreads or gains on any investment in the investment portfolio; (iv) hedge the interest rate or currency exchange rate on any of the Company's liabilities or assets; (v) protect against any increase in the price of any securities the Company anticipates purchasing at a later date; (vi) more efficiently gain access to the economics of an investment opportunity using derivatives; or (vii) for any other reason that the Investment Manager deems appropriate on an opportunistic basis.

#### *Borrowing Policy*

There is no limit in the Articles on the level of gearing which the Company can employ. Whilst the Company does not currently expect to have long-term gearing as part of its strategy, any such gearing utilised would be expected to be below 50 per cent. of the Company's gross asset value (including undrawn capital commitments), in each case measured at the time of investment. The Board may, however, approve a higher level of gearing from time to time, in circumstances where the Investment Manager recommends it should do so on an opportunistic basis.

#### *Cash management*

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds ("Cash and Cash Equivalents"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant Cash and Cash Equivalents position.

Any material change to the Company's investment policy set out above will require the approval of Shareholders by way of an ordinary resolution at a general meeting.

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(b) if the Company is a feeder fund, information on where the master fund is established;

Not applicable.

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(c) if the Company is a fund of funds, information on where the underlying funds are established;

Not applicable.

<p>(d) a description of the types of assets in which the Company may invest;</p> <p>(e) the investment techniques that the Company, or the AIFM on behalf of the Company, may employ and all associated risks;</p>	<p>The Company may select investments from all asset classes, geographies and all parts of the capital structure of a business. Both private and public markets are within the scope of the Company's investment policy.</p> <p><i>Identification</i></p> <p>There is no set method for the inception of a good investment idea. Being prescriptive or mechanical about this process can often lead to the same crowded trades which others find themselves in. The Investment Manager would describe itself as a professional opportunist and remains open minded about the way in which investment opportunities are identified. This allows it to think and act independently. It tends to lead to unconventional and contrarian investments, which are seen as brave by some, but logical and rational to the Investment Manager.</p> <p>In terms of listed investments, both in the UK and abroad; the Investment Manager has an enormous depth of knowledge and experience, built up from the last 23 years of cumulative research efforts. Almost all of the listed businesses in the UK have been subjected to the Investment Manager's scrutiny to gauge whether they might meet its strict criteria. The Investment Manager has collected a long list of listed business that it does not own but would like to at the right price. This will remain an important source of new ideas and future investment opportunities.</p> <p>When the Investment Manager finds a potential investment opportunity, it is standard operating procedure to study all parts of the supply chain, but also all the competitors that compete for the same customer set. A large percentage of the businesses that the Investment Manager studies, in order to build up a picture of the competitive landscape, are privately owned.</p> <p>The Company's structure will allow the Investment Manager to exploit its network of contacts in various supply chains to identify private market opportunities to a greater extent. The last five years have included some work on transactions which would have been difficult to do with redeemable capital, but perfect for a permanent capital quoted entity. The Company will unlock some of the work the Investment Manager has been doing in this area and allow it to grasp ideas that it would otherwise have to pass on.</p> <p>The Investment Manager considers all parts of the capital structure during idea generation. For example, following an investment in a specialist insurer, the Investment Manager elected to invest directly in insurance run-offs. The funds managed by the Investment Manager also currently hold debt instruments.</p> <p>The Company's structure will also allow the Investment Manager to further exploit these less conventional routes for monetising an idea.</p> <p><i>Evaluation</i></p> <p>After an initial feasibility study regarding the suitability of a potential investment opportunity, further time and resource will be dedicated to an idea that is deemed probable of passing the full range of filters. This is a high hurdle to meet, as the depth of the research that the Investment Manager undertakes is considered extreme and consumes a great deal of analyst time.</p> <p>Over the last 23 years of investing, the Investment Manager has regularly spent more than a year conducting intensive research before making an investment decision. There are a few select cases where more than a decade of work was needed to fully understand an industry.</p> <p>The Investment Manager has learned that patience combined with research, that goes to lengths that others consider difficult or too time consuming, yields enormous amounts of insight, gives the Investment Manager an edge, and leads to materially better investment decisions.</p> <p>This intensive evaluation process will continue to be applied when considering ideas for inclusion in the Company's portfolio. The Investment Manager deems it to be part of its</p>
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competitive advantage and believes it will continue to yield excellent results for Shareholders in the Company.

#### *Monitoring*

Once an investment has been fully evaluated and deemed worthy of investment, monitoring helps the Investment Manager stay close to an investment.

The aim is to be able to monitor the key aspects of the business and strategy as they play out in the real world, without needing to rely on the regulatory announcements from the investee company. The monitoring must be independent in order to be objective.

This can take the form of intensive and regular mystery shopping of retailers and their competitors. It has also taken the form of "web scraping" prices for supermarkets or even tracking volumes of houses sold on hundreds of building sites across the country.

The monitoring is aimed at assessing whether the hypothesis the Investment Manager accepted after the evaluation stage is still correct or not. This is an important way in which the Investment Manager looks to minimise mistakes and sell investments that go "off roadmap" and have a high risk of permanent loss of capital.

Over the last five years, the Investment Manager has joined up its monitoring techniques with controlling stakes and board positions. Insight which is picked up on a regular basis is fed back into the businesses which will make up the Company's portfolio holdings. This helps to challenge management, set the strategy and stay one step ahead of the competition.

The monitoring part of the process remains a key part of how the Investment Manager deals with both listed and private investments.

#### *Risks relating to the Investment Strategy*

- The Company may not meet its investment objective.
- The value of the Company's portfolio may be dominated by a relatively limited number of assets.
- Investments in small and mid-cap quoted/listed and private companies may pose more risk than investments in larger, established companies.

#### *Risks relating to the Investment Manager*

- The success of the Company depends on the ability and expertise of the Investment Manager.
- The due diligence process that the Investment Manager undertakes in evaluating specific investment opportunities may not reveal all facts that may be relevant in connection with an investment in a Portfolio Company.
- The Company's ability to achieve its investment objective relies on the Investment Manager's ability to source and advise appropriately on investments.

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(f) any applicable investment restrictions;

The Company will not invest in companies whose principal business is, (a) tobacco or tobacco related products; (b) engaged directly in weapons production, or (c) engaged in the pornography industry.

There will be no cross-financing between the companies forming part of the Portfolio and no operation of a common treasury function between the Company and any of its Portfolio Companies.

The Company will invest no more than 15 per cent. of its total assets in other investment companies whose shares are admitted to the Premium Listing Segment of the Official List.

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(g) the circumstances in which the Company may use leverage;

There is no limit in the Articles on the level of gearing which the Company can employ. Whilst the Company does not currently expect to have long-term gearing as part of its strategy, any such gearing utilised would be expected to be below 50 per cent. of the Company's gross asset value (including undrawn capital commitments), in each case measured at the time of investment. The Board may, however, approve a higher level of gearing from time to time, in

<p>(h) the types and sources of leverage permitted and the associated risks;</p> <p>(i) the maximum level of leverage which the AIFM is entitled to employ on behalf of the Company;</p>	<p>circumstances where the Investment Manager recommends it should do so on an opportunistic basis.</p> <p>The Company is expected to be managed primarily on an ungeared basis although the Company may, from time to time, be geared tactically through the use of borrowings. Borrowings would principally be used to manage investment cash flow timing mismatches, but may also be used to manage the Company's working capital requirements or to fund market purchases of Ordinary Shares. Whilst the use of borrowings should enhance the total return on the Ordinary Shares where the return on the Company's portfolio of investments exceeds the cost of borrowing, it will have the opposite effect where the return on the Company's portfolio of investments is lower than the cost of borrowing. The use of borrowings by the Company may increase the volatility of the net asset value per Ordinary Share.</p> <p>To the extent that a fall in the value of the Company's investments causes gearing to rise to a level that is not consistent with the Company's borrowing limits or loan covenants, the Company may have to sell investments in order to reduce borrowings. Such investments may be difficult to sell and therefore the market price which is achievable may give rise to a significant loss of value compared to the book value of the investments, as well as a reduction in income from investments.</p> <p>The Company will pay interest on any borrowings as well as undrawn commitment costs. As such, the Company may be exposed to interest rate risk due to fluctuations in the prevailing market rates to the extent that it has borrowed funds outstanding.</p> <p>The AIFM Directive (as implemented by the UK AIFM Regime and the FCA Handbook) prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of "leverage" the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to be gearing.</p> <p>Without prejudice to the foregoing (in compliance with the investment policy concerning gearing), the Company has set a maximum leverage limit of 100% on a "commitment basis" and 100% on a "gross" basis.</p> <p>The Company currently does not intend to, but may use derivatives, both for investment purposes and for risk management purposes in order to, (i) protect against possible changes in the market value of the investment portfolio resulting from fluctuations in the securities and changes in currencies and interest rates; (ii) protect the Company's unrealised gains in the value of the investment portfolio; (iii) enhance or preserve returns, spreads or gains on any investment in the investment portfolio; (iv) hedge the interest rate or currency exchange rate on any of the Company's liabilities or assets; (v) protect against any increase in the price of any securities the Company anticipates purchasing at a later date; (vi) more efficiently gain access to the economics of an investment opportunity using derivatives, or (viii) for any other reason that the Investment Manager deems appropriate on an opportunistic basis.</p>
<p>(j) any collateral and asset reuse arrangements</p>	<p>Not applicable.</p>
<p>(2) a description of the procedures by which the Company may change its investment strategy or investment policy, or both;</p>	<p>No material change will be made to the investment policy and investment restrictions without the approval of Shareholders by ordinary resolution. Any change to the investment policy or investment restrictions which does not amount to a material change to the investment policy may be made by the Company without the approval of Shareholders.</p>
<p>(3) a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the</p>	<p>The Company is a company limited by shares, incorporated in Guernsey. While investors acquire an interest in the Company on subscribing for or purchasing Ordinary Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the shares held by them.</p>

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existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the Company is established;

Shareholders' rights in respect of their investment in the Company are governed by the Articles and the Companies Law. Under Guernsey law, the following types of claim may in certain circumstances be brought against a company, or on behalf of a company against its directors, by its shareholders: contractual claims under its articles of incorporation; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.

#### Jurisdiction and applicable law

As noted above, Shareholders' rights are governed principally by the Articles and the Companies Law. By subscribing for Ordinary Shares, investors agree to be bound by the Articles which are governed by, and construed in accordance with, the laws of Guernsey.

#### Recognition and enforcement of foreign judgments

Subject to the provisions and requirements of Guernsey's reciprocal enforcement legislation, the Royal Court in Guernsey will recognise as a valid judgment and, without review of its substance, enforce any final and conclusive judgment obtained against the Company in the superior courts of a defined list of jurisdictions. The requirements of such reciprocal enforcement legislation include that the relevant judgment be given by a superior court of competent jurisdiction and that it be: (i) final and conclusive as between the parties thereto; and (ii) in respect of a sum of money not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty. The relevant legislation provides further that the registration of any such judgment may be set aside if, inter alia, the Royal Court is satisfied that: (i) the judgment is not a judgment to which reciprocal enforcement legislation applies or was registered in contravention of such reciprocal enforcement legislation; (ii) relevant superior courts have no jurisdiction in the circumstances of the case or the judgment debtor, being the defendant in the proceedings in the original court, did not receive notice of proceedings in the original court in sufficient time to enable him to defend the proceedings and did not appear; (iii) the judgment was obtained by fraud; (iv) enforcement would be contrary to public policy in Guernsey; or (v) the rights under the judgment are not vested in the person by whom the application for registration was made. The Royal Court would recognise as a valid judgment any final and conclusive judgment obtained in certain other jurisdictions against the Company and would give a judgment based thereon without reconsideration of the merits, assuming proper service of process and assumption of jurisdiction in accordance with the laws such jurisdictions if: (i) the judgment was for a fixed or ascertainable sum of money; (ii) the judgment was not obtained by fraud or in a manner opposed to the principles of natural justice; (iii) the judgment was not obtained in proceedings of a penal or taxation character; and (iv) recognition of the judgment is not contrary to public policy as applied by the Royal Court.

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(4) the identity of the AIFM, the Company's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;

#### AIFM

Pursuant to the Investment Management Agreement, the Company has appointed Phoenix Asset Management Partners Limited to act as the Company's AIFM. The Investment Manager maintains responsibility for implementing appropriate portfolio and risk management standards and procedures for the Company and also carries out the on-going oversight functions and ensure compliance with the applicable requirements of the AIFM Rules.

#### Administrator and Company Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited has been appointed as administrator and secretary to the Company pursuant to the Amended Administration Agreement.

The Administrator will provide day-to-day administration services to the Company and is also responsible for the Company's general administrative and secretarial functions such as the calculation of the net asset value and maintenance of the Company's accounting and statutory records.

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### Registrar

The Company utilises the services of Link Market Services (Guernsey) Limited as registrar in relation to the transfer and settlement of Ordinary Shares.

### Depository

Northern Trust (Guernsey) Limited is the sole depository of the alternative investment funds set out in a depository agreement with the Investment Manager and the Company.

### Auditor

Grant Thornton Limited will provide audit services to the Company. The auditor's principal responsibilities are to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. The annual report and accounts are prepared according to accounting standards laid out under IFRS.

### Investors' Rights against service providers to the Company

The Company is reliant on the performance of third-party service providers, including the Investment Manager, the Administrator, the Auditor and the Registrar.

Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.

If a Shareholder considers that it may have a claim against a third-party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.

The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of the Financial Services and Markets Act 2000, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.

Shareholders who are "Eligible Complainants" for the purposes of the FCA "Dispute Resolutions Complaints" rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against FCA authorised service providers to the Financial Ombudsman Service ("FOS") (further details of which are available at [www.fscs.org.uk](http://www.fscs.org.uk)). Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme ("FSCS") if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation. Further information about the FSCS can be found at [www.fscs.org.uk](http://www.fscs.org.uk). To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal adviser.

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(5) a description of how the Company complies with the requirements referred to in IPRU-INV 11.3.11G (Professional negligence) relating to professional liability risk;

The Investment Manager has effective internal operational risk management policies and procedures in order to appropriately identify, measure, manage and monitor operational risks, including professional liability risks, to which it is or could reasonably be exposed. These policies and procedures are subject to regular review and the operational risk management activities are performed independently as part of the risk management policy.

The management of operational risk, through the risk and control self-assessment process, is aimed at identifying risks in existing processes and improving existing controls to reduce their likelihood of failure and the impact of losses. All risks and events are facilitated via the internal risk management system, which provides a platform to facilitate the convergence of governance, risk and compliance.

The Investment Manager is required to cover professional liability risks, such as the risk of loss of documents evidencing title of assets to the Company. The Investment Manager maintains



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professional indemnity insurance to cover each and every professional liability which may arise under the Investment Management Agreement. The excess is covered by the Investment Manager maintaining sufficient own funds for this purpose, as well as other regulatory requirements. If professional indemnity insurance is not available, the Investment Manager will maintain own funds at a level adequate for its risk profile.

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(6) a description of:  
(a) any management function delegated by the AIFM;

Not applicable.

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(b) any safe-keeping function delegated by the depositary;

Not applicable.

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(c) the identity of each delegate appointed in accordance with FUND 3.10 (Delegation);

Not applicable.

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(d) any conflicts of interest that may arise from such delegations;

Not applicable.

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(7) a description of the Company's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);

As a collective portfolio management investment firm for FCA purposes, the Investment Manager is required to ensure that each AIF it manages has appropriate and consistent policies and procedures in place so that a proper and independent valuation of the AIF's assets can be performed on an ongoing basis. The framework should capture each type of assets in which the AIF may invest, in accordance with the UK AIFM Regime, the instruments of incorporation and applicable national laws.

There are two type of valuation processes: one for liquid investments and one for less liquid investments. All valuations of liquid investments will be reviewed and authorised by the Investment Manager's Chief Operating Officer before being provided to the Administrator.

The Company will invest in UK quoted securities and the Administrator will perform its own independent price verifications before finalising the Company's valuation. Publicly traded securities will be valued by reference to their bid price or last traded price, if applicable, on the relevant exchange. If one of these quoted securities is temporarily suspended, the Investment Manager will use the last quoted price of that security until it resumes trading. If there have been any redemptions or subscriptions in the intervening period, then adjustments will be made to reflect the new quoted price so that all investors are fairly treated.

For investments that are significantly less liquid, additional processes are in place to ensure valuations provide an objective, consistent and transparent basis for the fair value of unquoted securities in accordance with International Financial Reporting Standards. Following the purchase of a new investment the Investment Manager will engage with a third-party valuation expert to receive input on the proposed valuation framework. This framework will follow accepted valuation principles and will be specific to the underlying asset in question.

On a monthly basis the Investment Manager's investment team will formally perform an initial valuation and this will be reviewed and approved by the business team. Ultimate approval is from the Investment Manager's Chief Operating Officer. The valuation is then provided to the Administrator, for the Administrator to finalise.

In addition to these controls, the third-party specialist independent valuer carries out an independent semi-annual valuation for unlisted investments against which the Investment Manager's valuation is compared. The final control will be the annual review by the Company's Auditors.

Independent valuation may be more frequent than semi-annual and its frequency will be determined by the characteristics of each investment and the occurrence of a material change in value.

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Although the initial valuation is carried out by the Investment Manager's investment team, final review and sign off is undertaken by the business team and the Chief Operating Officer, who are functionally separate from the investment team. The business team will liaise directly with the third party who reviews the Investment Manager's valuation methodology.

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(8) a description of the Company's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;

The Company is a closed-end listed investment company and, as such, Shareholders in the Company have no right to redeem their Ordinary Shares.

Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations (primarily, debt) of the Company as they fall due.

In managing the Company's assets therefore the Investment Manager seeks to ensure that the Company holds at all times sufficient assets to enable it to discharge its payment obligations.

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(9) a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;

#### Formation and initial expenses

The formation and initial expenses of the Company are those that arise from, or are incidental to, the establishment of the Company, the Initial Issue and Initial Admission. These expenses include the fees and commissions payable under the Placing and Offer Agreement, Receiving Agent's fees, listing and Admission fees, printing, legal and accounting fees and any other applicable expenses which will be met by the Company and paid on or around Initial Admission out of the Initial Gross Proceeds.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are not expected to exceed approximately £3.5 million. The costs will be deducted from the Initial Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Net Asset Value per Share will be not less than £0.98.

#### Placing Programme expenses

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Shares pursuant to Subsequent Placings. These include the fees payable in relation to each subsequent Admission, including listing and Admission fees, as well as fees and commissions due under the Placing and Offer Agreement and any other applicable expenses in relation to the Placing Programme.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing published Net Asset Value per Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Shares (including, without limitation, any placing commissions). The costs of any issue of C Shares will be allocated solely to the C share pool of assets.

#### Ongoing annual expenses

The Company will also incur ongoing annual expenses which will include fees paid to the Investment Manager and other service providers as described above in addition to other expenses which are currently expected to amount to 0.32 per cent. of Net Asset Value per annum (excluding all costs associated with making and realising investments) assuming a Net Asset Value on Initial Admission of £176.05 million.

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(10) a description of how the AIFM ensures a fair treatment of investors;

The Directors of the Company have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The company has voluntarily agreed to comply with the FCA's Premium Listing Principles pursuant to which, the Company is required to treat all Shareholders of a given class equally.

The Investment Manager maintains a conflicts of interest policy to avoid and manage any conflicts of interest that may arise between the Investment Manager (and its affiliates) and the Company.

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

The shares of the same class rank pari passu with each other.

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(11) whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:

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(a) that preferential treatment;

Not applicable.

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(b) the type of investors who obtain such preferential treatment; and

Not applicable.

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(c) where relevant, their legal or economic links with the Company or the AIFM;

Not applicable.

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(12) the procedure and conditions for the issue and sale of units or shares;

The Company's shares are admitted to trading on the Specialist Fund Segment of the London Stock Exchange's Main Market for listed securities (the "Main Market"). Accordingly, the Company's shares may be purchased and sold on the Main Market.

New shares may be issued at the Board's discretion and providing relevant shareholder issuance authorities are in place. Shareholders do not have the right to redeem their shares. While the Company will typically have Shareholder authority to buy back shares any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.

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(13) the latest net asset value of the Company or the latest market price of the unit or share of the Company, in line with FUND 3.9 (Valuation);

The Company has not yet published a Net Asset Value.

When published, Net Asset Value announcements can be found on the Company's website: [www.castelnaugroup.com](http://www.castelnaugroup.com).

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(14) the latest annual report, in line with FUND 3.3 (Annual report of an AIF);

The Company has not yet published an annual report for the purposes of FUND 3.3.

When published, annual reports can be found on the Company's website: [www.castelnaugroup.com](http://www.castelnaugroup.com).

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(15) where available, the historical performance of the Company;

The Company is new and has not yet published financial information.

When published, annual and interim financial statements can be found on the Company's website: [www.castelnaugroup.com](http://www.castelnaugroup.com).

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(16)  
(a) the identity of the prime brokerage firm;

Not applicable.

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(b) a description of any material arrangements of the Company with its prime brokerage firm and the way any conflicts of interest are managed;

Not applicable.

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(c) the provision in the contract with the depositary on the possibility of transfer

Not applicable.

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and reuse of Company assets; and

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(d) information about any transfer of liability to the prime brokerage firm that may exist; and

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Not applicable.

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(17) a description of how and when the information required under FUND 3.2.5 R and FUND 3.2.6 R will be disclosed.

The Investment Manager as AIFM is required under the UK AIFM Regime to make certain periodic disclosures to Shareholders of the Company.

Under Article 23(4) of the AIFM Directive (as implemented by the UK AIFM Regime), the Investment Manager must periodically disclose to Shareholders:

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Company; and
- the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks.

This information shall be disclosed as part of the Company's annual and half year reporting to Shareholders.

Under Article 23(5) of AIFM Directive (as implemented by the UK AIFM Regime), the Investment Manager must disclose to Shareholders on a regular basis:

- any changes to: (i) the maximum level of leverage that the Investment Manager may employ on behalf of the Company; and (ii) any right or reuse of collateral (including any security, guarantee or indemnity) or any guarantee granted under the leveraging arrangement; and
- the total amount of leverage employed by the Company.

Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company's periodic reporting to Shareholders.

Without limitation to the generality of the foregoing, any information required under FUND 3.2.5R and FUND 3.2.6R may be disclosed to Shareholders: (a) in the Company's annual report or half-yearly report; (b) by the Company issuing an announcement via an RIS; (c) a subsequent prospectus; and/or (d) by the Company publishing the relevant information on [www.castelnagroup.com](http://www.castelnagroup.com).

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