Changes to Managed Liquidity Portfolio

The existing investment policy and investments of the Managed Liquidity Portfolio would require it to be authorised as a money market fund under a new EU Money Fund Regulation. This would impose quite onerous requirements and restrictions on the management and administration of the Portfolio and consequently the Board has decided that it would be in investors' best interests if changes were made to avoid this outcome whilst maintaining characteristics in line with the original intent of the Portfolio. Accordingly, the Portfolio's Investment Policy has been amended. The Company's corporate broker, Canaccord Genuity, has confirmed that, in its view, these changes are not material and consequently do not require FCA or shareholder approval.

The full new investment policy, highlighting the changes, is set out below:

Investment Policy and Risk

The Managed Liquidity Portfolio invests *mainly* in a range of sterling-based or related *high quality debt securities and similar* ~~money market fund~~ assets (which may include transferable securities, money market instruments, warrants, collective investment schemes and deposits), either directly or indirectly through ~~money market~~ *authorised* funds *investing in such instruments,* including funds managed by Invesco.

The Managed Liquidity Portfolio generally invests in ~~money market~~ funds authorised as UCITS schemes (Undertakings for Collective Investments in Transferable Securities, being open ended retail investment funds in the EU), which are required under governing regulations to provide a prudent spread of risk.

In the event that the Managed Liquidity Portfolio is invested directly in securities and instruments, the Manager will observe investment restrictions and risk diversification policies that are consistent with UCITS regulations.

Investment Limits

The Board has prescribed limits on the investment policy of the Managed Liquidity Portfolio, which include the following:

- no more than 10% of the gross assets of the Managed Liquidity Portfolio may be held in a single investment, other than authorised ~~money market~~ funds or high quality sovereign debt securities; and
- no more than 5% of the gross assets of the Managed Liquidity Portfolio may be held in unquoted investments, other than authorised ~~money market~~ funds.

Investors should note that the Managed Liquidity Shares are not designed to replicate the returns or other characteristics of a bank or building society deposit or money market fund. *In particular, the Portfolio will typically contain some assets with a greater residual maturity, and as a whole will have greater weighted average maturity, than is prescribed by regulation governing money market funds.*

Further, the Portfolio's principal investment has been the Invesco Money Fund (UK). This Fund is a money market fund under the new regulation and as such can no longer constitute a significant proportion of the Managed Liquidity portfolio. Instead most of the Portfolio's assets will be invested in the PIMCO Sterling Short Maturity Source UCITS ETF, which is not subject to the regulation but has risk characteristics appropriate to the Portfolio. The ETF is managed by PIMCO and Invesco acts as co-promoter. In consequence of these changes Stuart Edwards has ceased to be the designated portfolio manager.

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