

11 January 2019

Dear Shareholder

Athelney Trust Plc – EGM 22 January 2019

Please find enclosed Robin Boyle's statement ahead of the EGM to be held on 22 January 2019.

By way of additional background information, the Board also enclose a copy of the Citywire Interview completed by Robin Boyle on the 7 January.

<https://citywire.co.uk/investment-trust-insider/news/small-cap-veteran-boyle-seeks-to-oust-board-of-athelney-trust/a1188425>

Yours faithfully

John Girdlestone

Company Secretary

Dear Fellow Shareholders

I am writing to you ahead of the General Meeting on 22 January 2019 when we will all be voting on certain resolutions that I have proposed. The purpose of this letter is to explain my reasons for calling the GM, and to ask you for your voting support so that we can maximise value for all shareholders from now on.

I am greatly excited about the proposals and longer term future for Athelney, which will allow the opportunity to maintain its shareholder return objectives, including income yield, increase the size of the Company and reduce the total expense ratio through the support of an established specialist asset management group, London-based Gresham House. In addition, the proposals allow a succession plan to be implemented with my oversight over the next two years.

As a result of the attractive potential for maximising shareholder value through growing the trust to a larger size, maintaining the investment approach, reducing the expense ratio and overseeing a managed succession, all with the support of Gresham House, I request that:

- **You vote AGAINST Agenda item one (Box 1 on the proxy form supplied by the Company)**
- **You vote FOR Ordinary Resolutions 1-8 (Boxes 2-9 on the proxy form)**

Ahead of the GM, a number of shareholders have irrevocably undertaken to support my proposals which, together with my shareholding of 20.5%, represent approximately 31.8 % of total shareholder votes.

Current Position

I believe that the appointment of Emmanuel Pohl as Athelney's fund manager is inappropriate and is not in the best interests of all shareholders. Emmanuel Pohl is based in Australia and lacks the relevant experience with no long-term successful performance track record in UK equities. His Australian investment company has only ever managed a very small portfolio of UK growth shares during a period when it has been relatively easy to do so, whilst Athelney is an income yield and value portfolio – very different indeed.

Emmanuel Pohl has also appointed his son, Jason (aged 29), as his alternate director and is involving him within Athelney's investment process, which prompts wider questions around corporate governance and company culture.

As an example, the first new purchase made was Rightmove, a £4 bn FTSE 100 company with a dividend yield of 1.5 per cent and a P/E ratio over twenty – an entirely inappropriate investment for Athelney's mandate. The current board has allowed such inappropriate process and oversight to occur and this is not in the interests of shareholder value.

I highlight that contrary to certain recent assertions made by the current board:

- I did not resign from the board - I stood down as MD and Fund Manager but was willing to stay on the Board as a non-executive director.
- Put option (i.e. the ability to sell my Athelney shares to Global Masters Fund who have first refusal on any sale) – I have this option, but have absolutely no intention of doing so. On the contrary, I am extremely excited about Athelney's potential alongside

Gresham House (further detail of which is set out below) and have every intention of remaining a significant shareholder.

The Future

I have successfully managed Athelney for 24 years and firmly believe “value” as a philosophy has proven to be an approach which generates longer term superior performance.

Following the recent developments I was pointed in the direction of Gresham House, a quoted specialist asset management group with a credible management team. Gresham House has substantial financial resources and a track record of investing its own balance sheet in its funds. Gresham House is based in London and has administration, compliance, accounting and distribution capabilities.

It has become clear the potential value-add they could bring to Athelney. We have the joint ambition to build Athelney into a larger investment trust which would continue with its present investment strategy of investing in small caps and retaining its progressive dividend policy (15 consecutive dividend increases). Raising new capital and outsourcing some administration matters would drive down costs, and be in the long-term interests of all shareholders. Gresham House has the ability to support a management transition over the next two years.

Athelney needs a refreshed board to provide the required stewardship, and as such I propose the following individuals be appointed at the GM. They both have extremely relevant experience and I believe they will make excellent directors of Athelney:

- David Lawman (aged 70) – David is Head of Corporate Broking at Daniel Stewart & Company, a London based corporate finance and stockbroking firm.
- Paul Coffin (aged 41) – Paul is Managing Director and the largest shareholder of Capital Financial Markets, a private client investment management firm.

Accordingly please vote:

- **FOR Ordinary Resolutions 1-8 (Boxes 2-9 on the proxy form supplied by the Company)**
- **AGAINST Agenda item one (Box 1 on the proxy form)**
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for the benefit of ALL shareholders.

Robin Boyle Chartered FCSI

8 January 2019