

This document is issued by Athelney Trust PLC solely in order to make certain particular information available to investors in Athelney Trust PLC (the 'Company') before they invest, in accordance with the requirements of the United Kingdom Financial Conduct Authority ("FCA") Handbook rules implementing in the United Kingdom the UK version of the Alternative Investment Fund Managers Directive (2011/61/EU) as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended, as further amended by UK legislation ("AIFM Directive") and the EU Regulation on Sustainability-related Disclosures in the Financial Services Sector (2019/2088).

It is made available to investors ('investors' or 'shareholders') in the Company by being made available at : <https://www.athelneytrust.co.uk/>

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Athelney Trust PLC

Investor Disclosure Document

31 October 2023

IMPORTANT INFORMATION

Regulatory Status of the Company and its Alternative Investment Fund Manager ("AIFM")

Athelney Trust PLC is a Small Registered AIFM, as defined by regulation 10 of the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) as amended by the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019. The Company is listed on the register of Small Registered UK AIFMs maintained by the FCA and available at <https://www.fca.org.uk/publication/systems-information/aifmd-small-register.pdf>

The Ordinary Shares are listed on the premium segment of the Official List of the FCA and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its articles of association, the Listing Rules of the FCA (the "Listing Rules"), the Disclosure Guidance and Transparency Rules, the Companies Act 2006 and the Financial Services and Markets Act 2000. The provisions of the Company's articles of association are binding on the Company and its shareholders ("Shareholders").

Implications of the contractual relationship entered into for the purpose of investment

While investors acquire an interest in the Company on subscribing for the Company's shares ('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.

Shareholders' rights in respect of their investment in the Company are governed by the Company's Articles of Association and the Companies Act 2006. The articles of association set out the

respective rights and restrictions attaching to the Ordinary Shares. These rights and restrictions apply equally to all Shareholders. All Shareholders are entitled to the benefit of and are bound by and are deemed to have notice of, the Company's articles of association. The Company's articles of association are governed by English law.

Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its Articles of Association; 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.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to investors and, to the fullest extent permitted under applicable law and regulation, the Company and its directors and members will not be responsible to persons other than the Shareholders for their use of this document, nor will they be responsible to any person (including the Shareholders) for any use which they may make of this document other than to provide information to invest in the Ordinary Shares.

This document does not purport to provide complete details of the Company and potential investors should not solely rely upon this document when determining whether to make an investment. Furthermore, investors should refer to the risks and disclaimers contained within the Company's latest annual report.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Ordinary Shares.

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and the Ordinary Shares.

No advice

The Company and its directors and members are not advising any person in relation to any investment or other transaction involving the Ordinary Shares. Recipients must not treat the contents of this document or any subsequent communications from the Company or any of its subsidiaries, affiliates, officers, directors, members, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters.

Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in the Ordinary Shares.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. No action has been taken by the Company that would permit an offer of the Ordinary Shares or distribution of any offering or publicity material in any jurisdiction where action for that purpose is required, other than the United Kingdom and the Republic of Ireland, where the Company may market to professional investors.

The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions. Accordingly, the Ordinary Shares may not (unless an exemption from such legislation or laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia, the Republic of South Africa or Japan or their respective territories or possessions.

The Company is not registered under the United States Investment Company Act of 1940, as amended, and investors are not entitled to the benefits of such legislation.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

THE COMPANY**Investment Objective**

The investment objective of the Trust is to provide long-term growth in dividends and capital, with the risks inherent in small cap investment minimised through a spread of holdings in quality small cap companies that operate in various industries and sectors. The Fund Manager also considers that it is important to maintain a progressive dividend record.

Investment Policy

The assets of the Trust are allocated predominantly to companies with either a full listing on the London Stock Exchange or a trading facility on AIM or AQSE. The assets of the Trust have been allocated in two main ways: first, to the shares of those companies which have grown steadily over the years in terms of profits and dividends but, despite this progress are undervalued by the market when compared to future earnings and dividends; second, those companies whose shares are undervalued by the market when compared with the value of land, buildings, other assets or cash on their balance sheet.

Any material change to the Company's investment policy, will require the approval of Shareholders by way of an ordinary resolution at a general meeting and the approval of the FCA. Non-material changes to the investment policy may be made by the Board without shareholder approval.

Leverage

As a Small Registered AIFM, the Company may not employ leverage.

Investment Strategy & Investment Philosophy

Athelney Trust Plc is committed to responsible investment and we believe that Environmental, Social and Governance (ESG) factors have a material impact on long-term investment outcomes. The consideration of ESG factors is an integral part of our decision-making process and is fully integrated through asset selection and portfolio management procedures. ESG issues are central to understanding and framing the contextual, systematic and idiosyncratic elements of the business and to this end we have adopted a Quality Franchise framework comprising six distinct pillars into our research process. This framework ensures that companies are analysed in a systematic way to ensure they are sustainable over the long-terms as well as able to improve shareholder returns.

Furthermore, through the application of this six-pillar framework, our investment process aims to mitigate our portfolio against ESG and sustainability risks through placing a material emphasis on Sustainability and Management by being two of the six distinct pillars:

- The sustainability pillar focuses on areas of a business where there may be risk to the predictability of business operations through time. This assists our mitigation of default risk and uncertainty of business expansion.
- The management pillar focuses on the trustworthiness of management. This assists our mitigation of uncertainty by reducing the risk of managerial conduct or failure of business strategy execution.

The other pillars are the Industry, the Business, the Competition and the Financials.

Our investment philosophy and corporate values steer us away from companies that have the potential to harm society, and moreover, help us avoid companies where there is a risk to the sustainability of their business operations. It is also important to note that we also exclude a number of industries including weapons, tobacco, gambling, thermal coal, petroleum, old-forest logging, palm oil, and pesticides – a list that is reviewed annually.

Investment Philosophy

As far as portfolio investments are concerned, our investment philosophy is clear:

- I. The economics of a business drives long-term investment returns; and
- II. Investing in high quality, growth businesses' that have the ability to generate predictable, above-average economic returns will produce superior investment performance over the long-term.

In essence, this means that in assessing potential investments we:

- a) Value long-term potential, not just performance
- b) Choose sustainable, growing businesses; and
- c) Ignore temporary market turbulence.

The key attributes that will define our investments are:

- (1) Organic Sales Growth: Quality franchises organically growing sales above GDP growth that can do so (sustainably) because they have a large, growing market opportunity and compelling competitive advantage which will drive ongoing market share gains are attractive.

- (2) A Proven Track Record: This encompasses both the management's capability and the strength of the business' model. Generally, a firm that consistently delivers a Return on Equity of greater than 15% indicates a Quality Franchise for us. Our investment philosophy is built on the belief that a stock's long-term return to shareholders is driven by the return on capital of the underlying business.
- (3) Company's future profits: In essence we are backing a proven management team and a successful business model. Management are the key decision makers regarding the company's strategy and its competitive position in the marketplace and it is critical that we have confidence in the company's ability to sustainably execute its strategy and grow their earnings, even in a tough environment.
- (4) Low Leverage: We require investments to operate with low levels of debt, which ensure that they have sufficient resources to execute on their strategy. An Interest Coverage above 4x provides sufficient bandwidth in times of economic trouble. As a long-term investor, capital preservation is the highest priority. There is nothing that changes a management team's focus toward the short term quicker than impending debt refinancing when market conditions suddenly change for the worse. We need to be comfortable that this will not happen and that the company has a strong enough balance sheet so that it will retain optionality and can quickly and efficiently execute its strategy over the long-term.

ADMINISTRATION AND MANAGEMENT OF THE COMPANY

The AIFM

Identity of the AIFM

The AIFM is Athelney Trust PLC, which is a Small Registered AIFM, as defined by regulation 10 of the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) as amended by the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2019.

The Company's registered office is Waterside Court, Falmouth Road, Penryn TR10 8AW. It is a public limited company listed on the premium segment of the London Stock Exchange.

Fees

The AIFM receives no fee for provision of AIFM services.

Depository

As a Small registered AIFM, the Company is not required under the AIFM Directive to appoint a Depository.

The Portfolio Manager

Identity of the Portfolio Manager

The Board has delegated responsibility for portfolio management functions to Dr Emmanuel Pohl the managing director, subject always to the overall supervision and control of the Board..

Directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. Any term renewal is subject to Board review and AGM re-election. Despite any mutual expectation, there is no right to re-nomination by the Board, either annually or after any three-year period. The service agreement was extended for a further three year term at the 2022 AGM.

Fees

The Portfolio Manager is entitled to receive an annual management fee equal to 0.75% of the Net Asset Value ("NAV") (calculated before deduction of any accrued but unpaid management fee and any performance fee) per annum.

The annual management fee is payable monthly in arrears.

The Custodian

The fees charged by the custodian are computed inter alia on the assets held by the custodian and the level of investment transactions each year.

The Auditor

Moore Kingston Smith LLP has been appointed to provide audit services to the Company.

The fees charged by the Auditor are computed inter alia on the time spent and the seniority of the staff employed by the Auditor on the affairs of the Company.

The Registrar

Sare Registrars Limited have been appointed as the Company's Registrar.

The Registrar's duties include the maintenance of the Company's registers of shareholders and the processing of any transfer of shares. The fees charged by the Registrar are based on the number of holders on the registers and number of transfers each year.

Administrator and Company Secretary

GW & Co. Limited has been appointed to provide company secretarial and administrative support to the Company. GW & Co. Limited receive an annual administration and management services fee of £2850 plus Vat, charged monthly in arrears.

Fees, Charges and Expenses

Additional fees payable by the Company to those set out above include; legal fees, auditor fees, registrar's fees, broker commissions, directors' fees and other professional services fees.

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling Ordinary Shares.

Investor Rights

The Company is reliant on the performance of third-party service providers, including the Company Secretary and 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.

In the event that 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 the Manager to the Financial Ombudsman Service ('FOS') (further details of which are available at www.financial-ombudsman.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 (including the Investment Manager) which is in default. There are limits on the amount of compensation available. Further information about the FSCS is at 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 advisers

SHAREHOLDER INFORMATION

Annual Report and Accounts

Copies of the Company's latest annual and half year reports may be accessed on the Company's website: <https://www.athelneytrust.co.uk/>

Publication of Net Asset Values

The latest unaudited Net Asset Value per Ordinary Share of the Company are published monthly via a Regulatory Information Service and may be accessed on the Company's website: <https://www.athelneytrust.co.uk/>

Valuation Policy

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis in accordance with the documented investment strategy and information is provided internally on that basis to the Company's Board of Directors and other key management personnel.

The investments held by the Company are designated by the Company as 'at fair value through profit or loss'. All gains and losses are allocated to the capital return within the Statement of Comprehensive Income as 'Gains or losses on investments held at fair value through profit or loss'. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

When a sale or purchase 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 closing price for Stock Exchange Electronic Trading Service ('SETS'). The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of consideration received and receivable and the cumulative gain or loss that had been accumulated is recognised in profit or loss.

Historical Performance of the Company

Details of the Company's historical financial performance are provided in the Company's annual reports and accounts and monthly factsheets, which are available on the Company's website: <https://www.athelneytrust.co.uk/>

Investors should note that past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

Purchases and sales of Ordinary Shares by investors

The issue of new Ordinary Shares by the Company, either by way of a fresh issue of Ordinary Shares or by way of the sale of Ordinary Shares from treasury, is subject to the requisite Shareholder authorities being in place and all Listing Rule requirements having been met. Ordinary Shares can also be bought in the open market through a stockbroker or other financial intermediary. Ordinary Shares qualify fully for inclusion within tax-efficient ISA wrappers.

The agreement between the Shareholders and the Company for the acquisition of Ordinary Shares is governed by English law and, by purchasing Ordinary Shares, Shareholders agree that the courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with the purchase of Ordinary Shares will be in English.

The UK has acceded to the Hague Convention on Choice of Courts Agreements 2005 (the “Hague Convention”) which applies between the EU member states, Montenegro, Denmark, Mexico, Singapore and the UK and provides for the recognition of foreign judgments in respect of contracts which contain an exclusive jurisdiction clause. The UK has also applied to re-join the Lugano Convention 2007 which would permit for the recognition of judgments based on contracts under the laws of member states regardless of whether the contract contains an exclusive or a non-exclusive choice of law clause in the states that are parties to that convention (i.e. EU member states and Iceland, Norway and Switzerland). However, each member of the Lugano Convention (EU, Iceland, Norway and Switzerland) has a veto on the accession of new members and UK accession may not occur.

Fair Treatment of Investors

The legal and regulatory regime to which the Company and the Directors are subject ensures the fair treatment of investors. The FCA Listing Rules require that the Company treats all shareholders of the same class of shares equally.

In particular, as directors of a company incorporated in the United Kingdom, the Directors have certain statutory duties under the Companies Act 2006 with which they must comply. These include a duty upon each Director to act in the way she or 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.

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 Company’s ordinary shares rank *pari passu*.

Securities Financing Transactions Regulation (‘SFT’) Disclosures (Unaudited)

The Company does not engage in Securities Financing Transactions (as defined in Article 3 of Regulation (EU) 2015/2365, securities financing transactions include repurchase transactions, securities or commodities lending and securities or commodities borrowing, buy-sell back transactions or sell-buy back transactions and margin lending transactions). Accordingly, disclosures required by Article 13 of the Regulation are not applicable for the year ended 31st March 2022.

RISK FACTORS

Risk Profile

In accordance with the AIFM Directive, the AIFM will ensure that the current risk profile of the Company and the risk management systems employed by the AIFM to manage those risks in relation to the Company's portfolio is published in the Company's latest annual report, which can be found on the Company's website: <https://www.athelneytrust.co.uk/>

In accordance with the AIFM Directive, the AIFM will ensure that the following information in relation to the Company's portfolio is published in the Company's annual report, which can be found on the Company's website, <https://www.athelneytrust.co.uk/>

- the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature; and
- any new arrangements for managing the liquidity of the Company.

Professional Negligence Liability Risks

As a small self-managed AIFM, the Company has no requirement to maintain professional indemnity insurance to cover potential liability risks arising from professional negligence.

The Company does, however, have agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties. The Company has Directors' and Officers' liability insurance to cover legal defence costs and public offering of securities insurance in place in respect of the IPO.

EU Taxonomy Regulation

The Taxonomy Regulation establishes an EU-wide framework or criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under the EU Sustainable Finance Disclosure Regulation ('SFDR') by introducing additional disclosure obligations in respect of AIFs that invest in an economic activity that contributes to an environmental objective.

These AIFs are required to disclose (a) information on the environmental objective to which the investments underlying the AIF contribute (b) a description of how and to what extent the underlying investments of the AIF are in economic activities that qualify as environmentally sustainable and are aligned with the Taxonomy Regulation (c) the proportion, as a percentage of the AIF's portfolio, of investments in environmentally sustainable economic activities which are aligned with the Taxonomy Regulation (including the proportion, as a percentage of the AIF's portfolio, of enabling and transitional activities, as described in the Taxonomy Regulation).

These disclosure obligations are being phased-in – from 1 January 2022 in respect to the first two environmental objectives (climate change mitigation and climate change adaptation) and from 1 January 2023 in respect of the remaining four environmental objectives.

The Company does not commit to make sustainable investments as defined under SFDR. As such, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities