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If you have sold or otherwise transferred all of your Ordinary Shares in the Company please send this document together with the accompanying documents, as soon as possible, to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and any accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of securities laws of any such jurisdiction.

Winterflood Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser for the Company in connection with the Waiver Resolution and no-one else and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Winterflood Securities Limited nor for providing advice to any other person in relation to the contents of this document or on any other matter referred to in this document. Persons other than the Company are recommended to seek their own financial and other professional advice.

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## **North Atlantic Smaller Companies Investment Trust PLC**

*(an authorised closed-ended investment company incorporated in England and Wales with registered number 01091347)*

### **Notice of Annual General Meeting and proposed approval of waiver of Rule 9 of the City Code on Takeovers and Mergers**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document in which the Directors (or the Independent Directors in the case of the Waiver Resolution) recommend you to vote in favour of each of the Resolutions to be proposed at the Annual General Meeting referred to below.

A Form of Proxy for use by all Shareholders at the Annual General Meeting is enclosed with this document. To be valid, the accompanying Form of Proxy must be completed, signed and returned in accordance with the instructions printed thereon to the Company's registrars, Link Asset Services, by hand (during normal business hours only) or by post to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, by no later than midday on 23 June 2019. If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST proxy instruction to the Company's registrars, Link Asset Services (under CREST participant ID RA10) so that it is received by no later than midday on 23 June 2019.

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## DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise.

<b>2006 Act</b>	the Companies Act 2006
<b>Annual General Meeting or AGM</b>	the annual general meeting of the Company which is due to be held at 6 Stratton Street, London W1J 8LD on 25 June 2019 at midday and notice of which is given at the end of this document, and any adjournment thereof
<b>Annual Report</b>	the annual report and financial statements of the Company for the financial year ended 31 January 2019
<b>Articles</b>	the articles of association of the Company
<b>Board or Directors</b>	the directors of the Company, whose names appear on page 5 of this document
<b>Business Day</b>	a day on which the London Stock Exchange plc is open for transaction of business
<b>Concert Party</b>	means Christopher Mills and persons presumed to be acting in concert with him, details of which are set out in paragraph 3 of Part II of this document
<b>Company</b>	North Atlantic Smaller Companies Investment Trust PLC
<b>CREST</b>	the system for the paperless settlement of trades in securities operated by Euroclear in accordance with the CREST Regulations
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
<b>Form of Proxy</b>	the form of proxy accompanying this document to be used by Shareholders in connection with the Annual General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>Independent Directors</b>	the Directors excluding Christopher Mills
<b>Independent Shareholders</b>	the Shareholders other than the Concert Party
<b>Latest Practicable Date</b>	24 May 2019, being the latest practicable date prior to the publication of this document
<b>Link Asset Services</b>	the trading name of Link Market Services Limited
<b>Notice of Annual General Meeting</b>	the notice of Annual General Meeting set out at the end of this document

<b>Official List</b>	the Official List of the UK Listing Authority
<b>Ordinary Shares or Shares</b>	the ordinary shares of 5 pence each in the share capital of the Company
<b>Panel</b>	the Panel on Takeovers and Mergers
<b>Resolutions</b>	the resolutions to be proposed at the AGM, the full text of which is set out in the Notice of Annual General Meeting
<b>Share Buyback Resolution</b>	Resolution 13 in the form set out in the Notice of Annual General Meeting
<b>Shareholders</b>	holders of Ordinary Shares
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code published by the Financial Reporting Council in July 2018
<b>United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>Waiver Resolution</b>	Resolution 15 in the form set out in the Notice of Annual General Meeting
<b>Winterflood Securities</b>	Winterflood Securities Limited

## PART I

### LETTER FROM THE CHAIRMAN

# North Atlantic Smaller Companies Investment Trust PLC

*(an authorised closed-ended investment company incorporated in England and Wales with registered number 01091347)*

#### *Directors*

Peregrine Moncreiffe (Non-Executive Chairman)  
Christopher Mills (Chief Executive and Investment Manager)\*  
George Loewenbaum (Non-Executive Director)  
The Lord Howard of Rising (Non-Executive Director)  
Sir Charles Wake (Non-Executive Director)  
*\*A member of the Concert Party*

#### *Registered Office*

6 Stratton Street  
London  
W1J 8LD

28 May 2019

*To all Shareholders*

Dear Shareholder,

### **Notice of Annual General Meeting and proposed approval of waiver of Rule 9 of the City Code on Takeovers and Mergers**

#### **1 Introduction**

The purpose of this document is to provide you with details of the Resolutions to be proposed at the Annual General Meeting of North Atlantic Smaller Companies Investment Trust PLC (the **Company**) to be held on 25 June 2019 at midday and convened by the formal Notice of Annual General Meeting set out at the end of this document.

On 20 May 2019, the Company announced its final results for the year ended 31 January 2019 and a copy of the Annual Report for that period is being sent to Shareholders along with this document and is also available on <http://www.harwoodcapital.co.uk/literature/nascit>.

#### **2 Information on the Company**

The Company is an authorised closed-ended investment trust incorporated in England and Wales, as a company limited by shares, whose shares are admitted to the Official List and to trading on the Main Market of the London Stock Exchange plc.

The investment objective of the Company is to provide capital appreciation to its Shareholders through investing in a portfolio of smaller companies which are based primarily in countries bordering the North Atlantic Ocean. The Company invests in both listed and unlisted companies. It is an alternative investment fund under the Alternative Investment Fund Managers Directive and has recently submitted an application to the

Financial Conduct Authority to become an authorised internally managed full-scope Alternative Investment Fund Manager as its assets under management are now over €500 million.

In the Company's Annual Report, the Company reported net assets of £531.43 million, which comprised total assets of £550.99 million and total liabilities of £19.56 million. As at 24 May 2019, being the Latest Practicable Date, the Company had a market capitalisation of approximately £429 million.

### **3 Annual General Meeting – Explanation of Resolutions**

#### **3.1 Resolution 1 – Receipt of report and accounts**

The Directors are required to lay before the AGM the Company's Annual Report, including the annual financial statements and the respective reports of the Directors and the Company's auditors for the year ended 31 January 2019.

#### **3.2 Resolution 2 – Approval of Directors' remuneration report**

This resolution seeks shareholder approval of the Directors' remuneration report, excluding the Directors' remuneration policy, for the year ended 31 January 2019 as set out on pages 33 to 37 of the Annual Report. The Company's auditors, KPMG LLP, have audited those parts of the Directors' remuneration report that are required to be audited and their report may be found on pages 38 to 45 of the Annual Report. The Directors' remuneration policy was approved by the Shareholders at the Company's last annual general meeting on 26 June 2018 and is therefore not required to be put to the Shareholders for approval at this Annual General Meeting.

This resolution is subject to an 'advisory vote' by Shareholders: in the event that this resolution is not passed, the Directors' remuneration policy would normally need to be reconsidered by Shareholders at the Company's next annual general meeting.

#### **3.3 Resolution 3 – Declaration of final dividend**

Resolution 3 seeks shareholder approval for a final dividend of 30 pence per Ordinary Share for the year ended 31 January 2019 which is recommended by the Directors. If approved by the Shareholders, it is intended that the dividend will be paid to Shareholders on 21 November 2019 that were on the register of Shareholders at 5.00pm on 31 October 2019.

#### **3.4 Resolutions 4 to 8 – Election and re-election of Directors**

In accordance with the UK Corporate Governance Code, all Directors of the Company are required to be subject to annual re-election by the Shareholders. At this Annual General Meeting, Charles Wake will stand for election by the Shareholders for the first time following his appointment on 27 June 2018 and Christopher Mills, Peregrine Moncreiffe, George Loewenbaum and Lord Howard of Rising will all stand for re-election by the Shareholders.

The Board is satisfied that each of the Directors proposed for election and re-election has the appropriate balance of skills, experience, independence and knowledge of the Company to enable him to discharge the duties and responsibilities of the Board effectively.

Biographical details for each of the Directors are given on page 3 of the Annual Report.

**3.5 Resolutions 9 and 10 – Appointment of the Company’s auditors**

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company. The appointed auditors are to hold office until the next such meeting. Following the recommendation of the Company’s audit committee, the Directors propose that KPMG LLP be appointed as auditors of the Company and that the Directors be authorised to determine the remuneration of the auditors.

**3.6 Resolution 11 – Renewal of Directors’ authority to allot Shares**

The authority given to the Directors at the last annual general meeting of the Company to allot Shares expires at the conclusion of this Annual General Meeting. This resolution will renew the authority to allot Shares of the Company on similar terms. If this resolution is passed the Directors will have authority to allot Shares up to the aggregate nominal amount of £238,760 representing one third of the Company’s current issued share capital. This authority will expire at the next annual general meeting of the Company or, if earlier, 15 months after the passing of this resolution.

**3.7 Resolution 12 (Special resolution) – Disapplication of pre-emption rights**

The authority given to the Directors to disapply pre-emption rights expires at the Annual General Meeting. This resolution will renew the authority to disapply pre-emption rights thereby authorising the Directors to allot equity securities for cash up to a maximum aggregate renewal amount of £35,814 representing 716,281 Ordinary Shares, being equivalent to 5% of the current issued share capital, without first offering such securities to existing Shareholders.

**3.8 Resolution 13 (Special resolution) – Share buyback authority**

The authority given to the Directors to purchase the Company’s Ordinary Shares in the market expires at the Annual General Meeting. This resolution seeks the authority of Shareholders to purchase a maximum of 1,432,562 Ordinary Shares representing 10% of the current issued share capital of the Company. The Directors intend to exercise this authority in full in the year following the Annual General Meeting but they will only do so when, in light of market conditions prevailing at the time and taking into account investment opportunities, appropriate gearing levels and the overall financial position of the Company, they believe the effect of such purchases will be to increase the underlying value per Ordinary Share having regard to the interest of the Shareholders generally. Shares will not be bought at a price of less than 5 pence each being the nominal value of each Share nor more than 5% above the average middle market quotation of the Shares over the preceding five Business Days nor will they be purchased during periods when the Company would be prohibited from making such purchases. Purchases will be made within the guidelines set by the Board and using available reserves. Ordinary Shares purchased will be cancelled and the number of Ordinary Shares in issue reduced accordingly.

**3.9 Resolution 14 (Special resolution) – Notice of general meetings**

The authority given to the Directors at last year’s annual general meeting to call a general meeting (other than an annual general meeting) on 14 days’ notice will expire at the Annual

General Meeting. This resolution seeks to renew such authority. This authority will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting before it can call a general meeting on 14 days' notice.

### 3.10 **Resolution 15 – Waiver of Rule 9 of the Takeover Code**

Under Rule 9 of the Takeover Code, when:

- (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30% or more of the voting rights of a company; or
- (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30% of the voting rights of a company but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

such a person is normally required to make a general offer in cash for all the remaining equity share capital of the company at the highest price paid by him, or any persons acting in concert with him, for shares in the company within the twelve months prior to announcement of the offer.

Under Rule 37 of the Takeover Code, when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 of the Takeover Code (although a shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make an offer under Rule 9 of the Takeover Code).

The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Company to make market purchases as proposed under the Share Buyback Resolution to be exercised by the Directors (if such authority is approved by Shareholders) without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders. The Panel has agreed, subject to the Independent Shareholders' approval on a poll, to waive the requirement for the Concert Party to make a general offer to all Shareholders where such an obligation would arise as a result of purchases by the Company of up to 1,432,562 Ordinary Shares, representing 10% of the current issued share capital of the Company.

Christopher Mills is the Chief Executive and Investment Manager of the Company. The Concert Party (which includes Christopher Mills) is currently interested in an aggregate of 4,021,740 Ordinary Shares, representing 28.07% of the current issued share capital of the Company. If the Company were to repurchase from persons other than the Concert Party all the Ordinary shares for which it is seeking authority under the Share Buyback Resolution, the Concert Party's interest in Shares would (assuming no other allotments of Ordinary Shares) increase to 31.19% of the issued share capital of the Company by virtue of such actions.

An increase in the percentage of the Ordinary Shares carrying voting rights in which the Concert Party is interested, as a result of any exercise by the Company of the authority to make market purchases under the Share Buyback Resolution, would ordinarily result in the Concert Party being under an obligation to make a general offer to all Shareholders under Rule 9 of the Takeover Code.

The Company intends to seek the separate approval of the Independent Shareholders for this Waiver Resolution (Resolution 15), which will be proposed as an ordinary resolution taken on a poll. The Concert Party will not be entitled to vote on this Waiver Resolution at the Annual General Meeting.

If this Waiver Resolution is approved, no member of the Concert Party member will be restricted from making an offer for the Company following such approval.

If this Waiver Resolution is approved, such approval shall expire at the conclusion of the Company's next annual general meeting.

#### **4 Annual General Meeting**

You will find set out at the end of this document a notice convening the Annual General Meeting to be held at 6 Stratton Street, London W1J 8LD on 25 June 2019 at midday.

Please also refer to the additional information set out in Part II of this document.

Resolutions numbered 1 to 11 (inclusive) and 15 require the approval of Shareholders by the passing of an ordinary resolution (which requires that 50% of the votes cast be cast in favour). Resolutions 12 to 14 (inclusive) require the approval of Shareholders by the passing of a special resolution (which require that 75% of the votes cast be cast in favour). Resolution 15 will be taken on a poll of the Independent Shareholders.

#### **5 Action to be taken**

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon.

If you wish to appoint a proxy, you are requested to complete and return the Form of Proxy by hand (during normal business hours only) or by post, to Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received not later than 48 hours before the Annual General Meeting (that is, by midday on 23 June 2019) or any adjournment thereof. Unless the Form of Proxy is received by this date and time it will be invalid.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Link Asset Services (Crest Participant ID RA10) so that it is received no later than 48 hours before the Annual General Meeting (that is, by midday on 23 June 2019). Unless the CREST proxy instruction is received by this date and time it will be invalid.

Further information is set out in the notes to the Notice of Annual General Meeting.

The return of the completed Form of Proxy or CREST proxy instruction will not affect your right as a Shareholder to attend the Annual General Meeting and vote in person if you wish to do so.

## **6 Recommendation**

The Directors consider Resolutions 1 to 15 (inclusive) to be in the best interests of the Company and the Shareholders as a whole, save that Christopher Mills makes no recommendation with regard to the Waiver Resolution as, in accordance with the provisions of the Takeover Code, Christopher Mills is considered to be interested in the outcome of the Waiver Resolution.

Accordingly, the Directors unanimously recommend that the Shareholders vote in favour of Resolutions 1 to 14 (inclusive) to be proposed at the Annual General Meeting, as they intend to do in respect of their own personal beneficial holdings of Ordinary Shares, amounting to in aggregate 4,459,380 Ordinary Shares (representing approximately 31.13% of the current issued share capital of the Company) including the beneficial holdings of Ordinary Shares of their close relatives and the Concert Party.

The Independent Directors, who have been so advised by Winterflood Securities, consider the waiver of the obligation that may arise for the Concert Party to make an offer under Rule 9 of the Takeover Code in relation to the authority to make market purchases (under Resolution 13) to be fair and reasonable and in the best interests of the Company and the Independent Shareholders as a whole. In providing its advice to the Independent Directors, Winterflood Securities has taken into account the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that the Independent Shareholders vote in favour of the Waiver Resolution (Resolution 15) to be proposed at the Annual General Meeting, as they intend to do in respect of their own personal beneficial holdings of Ordinary Shares, amounting to in aggregate 437,640 Ordinary Shares (representing approximately 3.05% of the current issued share capital of the Company) including the beneficial holdings of Ordinary Shares of their close relatives (but excluding the beneficial holdings of Ordinary Shares of the Concert Party).

Yours sincerely



**Peregrine Moncreiffe**  
Chairman

## PART II

### ADDITIONAL INFORMATION

#### **1 Responsibility**

- 1.1 The Directors, whose names are set out on page 5 of this document, accept responsibility for the information contained in this document other than (i) the recommendation and associated opinion attributed to the Independent Directors set out in the Chairman's letter in Part I of this document, and (ii) any information relating to the Concert Party contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Independent Directors take responsibility for the recommendation and associated opinion attributed to them in the Chairman's letter in Part I of this document. To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 Christopher Mills takes responsibility for the information contained in this document relating to him and the Concert Party. To the best of Christopher Mills' knowledge and belief (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### **2 The Company**

- 2.1 The Company was incorporated and registered in England and Wales on 18 January 1973 with registered number 01091347. The registered office of the Company is 6 Stratton Street, London W1J 8LD.
- 2.2 As at the Latest Practicable Date, the issued share capital of the Company was 14,325,620 Ordinary Shares of 5 pence each, carrying one vote each, and the Company held no shares in treasury. Therefore, the total number of voting rights in the Company on the Latest Practicable Date was 14,325,620.
- 2.3 Financial information on the Company for the years ended 31 January 2018 and 31 January 2019, including financial and trading prospects, are set out in the annual reports for these financial years and are incorporated by reference.

#### **3 The Concert Party**

- 3.1 Christopher Mills is the Chief Executive and Investment Manager of the Company and is currently interested in 2,532,000 Ordinary Shares, representing 17.67% of the issued share capital of the Company.
- 3.2 Christopher Mills is a director and the major shareholder of Harwood Capital Management Limited which is a designated corporate member and the controller of Harwood Capital LLP.

The Harwood Capital Management group was formed in 2011 by Christopher Mills on his acquisition of Harwood Capital from the JO Hambro Capital Management Group Limited. Harwood Capital's principal activity is the provision of discretionary investment management and advisory services. Christopher Mills is also a director and investment manager of Oryx International Growth Fund Limited. He has a long and successful investing track record and is a non-executive director of a number of both public and private companies. Prior to joining J O Hambro Capital Management Group Limited which he co-founded in 1993, he worked from 1975 to 1993 for Samuel Montagu Limited, Montagu Investment Management Limited and its successor company, Invesco MIM, latterly as Head of North American Investments and Head of North American Venture Capital.

- 3.3 The following close relatives (as defined under the Takeover Code) of Christopher Mills are currently interested in 469,740 Ordinary Shares in the Company, representing 3.28% of the issued share capital of the Company: Lynne Mills (Christopher Mills' wife), Sandra Menzies (Christopher Mills' sister), Charles Mills (Christopher Mills' son), Harry Mills (Christopher Mills' son) and Nicholas Mills (Christopher Mills' son). Sandra Menzies (Christopher Mills' sister) also has a joint holding with Christopher Mills of 20,000 Ordinary Shares in the Company, representing 0.14% of the issued share capital of the Company. They are presumed to be acting in concert with Christopher Mills under paragraph 5 of the definition of "acting in concert" and for the purposes of Rule 9 of the Takeover Code.
- 3.4 Eveswise Limited Retirement Benefit Scheme is a family pension scheme under which Christopher Mills is the initial beneficiary and its registered address is 6 Stratton Street, London W1J 8LD. It is currently interested in 500,000 Ordinary Shares in the Company, representing 3.49% of the issued share capital of the Company. Harwood Holdco Limited is a wholly owned subsidiary of Harwood Capital Management Limited and a company registered in England and Wales and its registered address is 6 Stratton Street, London W1J 8LD. It is currently interested in 500,000 Ordinary Shares in the Company, representing 3.49% of the issued share capital of the Company. Both entities are presumed to be acting in concert with Christopher Mills under paragraph 5 of the definition of "acting in concert" and for the purposes of Rule 9 of the Takeover Code. The close relatives of Christopher Mills listed in paragraph 3.3 above and the entities listed in this paragraph, together with Christopher Mills, constitute the Concert Party.
- 3.5 On the basis that the issued share capital of the Company is 14,325,620 Ordinary Shares (being the issued share capital of the Company as at the Latest Practicable Date) and assuming that (i) the Share Buyback Resolution and the Waiver Resolution are passed at the AGM, (ii) full use is made by the Company of the share buyback authority under the Share Buyback Resolution thereby reducing the issued share capital of the Company to 12,893,058 Ordinary Shares, and (iii) the Concert Party does not dispose of any of its Ordinary Shares pursuant to the Company's exercise of share buyback authority under the Share Buyback Resolution, the Concert Party's maximum interest in Ordinary Shares would increase to 31.19% of the voting share capital of the Company. A table is set out below comparing (i) the current interests of the Concert Party in the issued share capital of the Company, and (ii) the potential increase in the interests of the Concert Party in the issued share capital of the Company following full implementation of the share buyback authority under the Share Buyback Resolution:

	Current position		Position following full implementation of the share buyback authority	
	No. of Ordinary Shares	% of issued share capital	No. of Ordinary Shares	% of issued share capital
Christopher Mills	2,532,000	17.67	2,532,000	19.64
Lynne Mills	114,000	0.80	114,000	0.88
Sandra Menzies	12,240	0.09	12,240	0.09
Harry Mills	103,500	0.72	103,500	0.80
Nicholas Mills	103,500	0.72	103,500	0.80
Charles Mills	103,500	0.72	103,500	0.80
Joint holding of Christopher Mills and Sandra Menzies	20,000	0.14	20,000	0.16
Joint holding of Harry Mills, Nicholas Mills and Charles Mills	33,000	0.23	33,000	0.26
Eveswise Limited Retirement Benefit Scheme	500,000	3.49	500,000	3.88
Harwood Holdco Limited	500,000	3.49	500,000	3.88
<b>Total</b>	<b>4,021,740</b>	<b>28.07</b>	<b>4,021,740</b>	<b>31.19</b>

3.6 Christopher Mills and the other members of the Concert Party have no intentions other than to see the continuation of the Company's business and will continue their support of the Board. In particular, Christopher Mills and the other members of the Concert Party have no intentions to make any changes in relation to:

- (a) the future of the business of the Company (including research and development functions), other than to see the continuation of its business;
- (b) the continued employment of the employees and management of the Company and of its subsidiaries (including the conditions of employment or the balance of the skills and functions of the employees and management);

- (c) employer contributions into the Company's pension scheme, the accrual of benefits for existing members or the admission of new members;
- (d) any redeployment of the fixed assets of the Company; or
- (e) the maintenance of the existing trading facilities for the relevant securities of the Company.

Christopher Mills and the other members of the Concert Party do not have any strategic plans for the Company which are likely to have repercussions on employment or the locations of the Company's places of business.

Christopher Mills and the other members of the Concert Party have no current intention to purchase any additional Ordinary Shares during the period covered by the share buyback authority under the Share Buyback Resolution.

#### **4 Interests and dealings in Ordinary Shares**

##### **4.1 Directors' interests**

The names of the Directors are set out on page 5 of this document.

As at close of business on the Latest Practicable Date, the interests in Ordinary Shares of the Directors and persons connected with them were as follows:

	<b>No. of Ordinary Shares</b>	<b>% of issued share capital</b>
Christopher Mills*	2,532,000	17.67
Lynne Mills*	114,000	0.80
Sandra Menzies*	12,240	0.09
Harry Mills*	103,500	0.72
Nicholas Mills*	103,500	0.72
Charles Mills*	103,500	0.72
Joint holding of Christopher Mills and Sandra Menzies*	20,000	0.14
Joint holding of Harry Mills, Nicholas Mills and Charles Mills*	33,000	0.23
Eveswise Limited Retirement Benefit Scheme*	500,000	3.49
Harwood Holdco Limited*	500,000	3.49

Peregrine Moncreiffe	394,130	2.75
Miranda Moncreiffe	20,052	0.14
Joint holdings of Ossian Moncreiffe, Idina Moncreiffe, Eliza Moncreiffe, Alexandra Moncreiffe, Lily Moncreiffe and Euan Moncreiffe	3,458	0.02
George Loewenbaum	15,000	0.10
The Lord Howard of Rising	5,000	0.03
<b>Total</b>	<b>4,459,380</b>	<b>31.11</b>

Note:

\* A member of the Concert Party

#### 4.2 **The Concert Party's interests**

As at close of business on the Latest Practicable Date, the interests in Ordinary Shares of the Concert Party were as follows:

	<b>No. of Ordinary Shares</b>	<b>% of issued share capital</b>
Christopher Mills	2,532,000	17.67
Lynne Mills	114,000	0.80
Sandra Menzies	12,240	0.09
Harry Mills	103,500	0.72
Nicholas Mills	103,500	0.72
Charles Mills	103,500	0.72
Joint holding of Christopher Mills and Sandra Menzies	20,000	0.14
Joint holding of Harry Mills, Nicholas Mills and Charles Mills	33,000	0.23
Eveswise Limited Retirement Benefit Scheme	500,000	3.49
Harwood Holdco Limited	500,000	3.49
<b>Total</b>	<b>4,021,740</b>	<b>28.07</b>

#### 4.3 **Substantial shareholders' interests**

As at close of business on the Latest Practicable Date, the total number of voting rights attributable to the issued share capital of the Company was 14,325,620 and (other than the Directors and the persons connected with them, detailed above) the following persons have notified the Company in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules that they hold, directly or indirectly, 3% or more of the voting rights attributable to the issued share capital of the Company:

<b>Shareholder</b>	<b>No. of Ordinary Shares</b>	<b>% of issued share capital</b>
CG Asset Management Limited	1,066,363	7.44
Butterfield Bank (Guernsey)	818,270	5.71
Rathbone Brothers Plc	750,006	5.24
Old Mutual Global Plc	623,144	4.35
<b>Total</b>	<b>3,257,783</b>	<b>22.74</b>

#### 4.4 **Share options**

As at the close of business on the Latest Practicable Date, there were 10,000 share options outstanding over the Company's Ordinary Shares, representing 0.07% of the Ordinary Shares in issue.

### 5 **Middle market quotations**

The following table shows the closing middle market quotations of Ordinary Shares, as derived from the London Stock Exchange plc at close of business on the first Business Day of each of the six months immediately before the date of this document and the Latest Practicable Date:

<b>Date</b>	<b>Share price (p)</b>
24 May 2019 (Latest Practicable Date)	2,995.00
1 May 2019	2,940.00
1 April 2019	2,920.00
1 March 2019	2,960.00
1 February 2019	2,940.00

2 January 2018	2,720.00
3 December 2018	2,800.00

## 6 General

- 6.1 Winterflood Securities has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name and references to it in the form and context in which they appear.
- 6.2 Save as set out in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between any member of the Concert Party on the one hand, and the Directors, recent directors, Shareholders or recent shareholders on the other hand, having any connection with or dependence upon the proposals set out in this document.
- 6.3 Save as disclosed in Part II of this document:
- (a) no member of the Concert Party has any interest in, right to subscribe in respect of or short position in relation to any relevant securities;
  - (b) no member of the Concert Party has dealt in relevant securities during the period beginning twelve months prior to the Latest Practicable Date and ending with the Latest Practicable Date;
  - (c) there are no relevant securities which any member of the Concert Party has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold);
  - (d) no person who is acting in concert with the Company has as at the Latest Practicable Date any interest in, right to subscribe in respect of or short position in relation to any relevant securities;
  - (e) there are no relevant securities which the Company or any person acting in concert with them has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold); and
  - (f) as at the close of business on the Latest Practicable Date, Winterflood Securities (including any person controlling, controlled by or under the same control as Winterflood Securities) is not (other than as an exempt principal trader or an exempt fund manager) interested in nor has any rights to subscribe for and has no short positions in any relevant securities of the Company.

In this paragraph 6.3 reference to:

“control” means an interest, or aggregate interests, in shares carrying in aggregate 30% or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control;

“dealing” or “dealt” includes the following:

- (i) the acquisition or disposal of securities, or the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
- (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
- (iii) subscribing or agreeing to subscribe for securities;
- (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
- (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
- (vi) the entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
- (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

“derivatives” include any financial product, whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;

“relevant securities” means Ordinary Shares and securities carrying conversion or subscription rights into Ordinary Shares; and

“short position” means a short position, whether conditional or absolute and whether in the money or otherwise, and includes any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

For the purposes of this paragraph 6.3, a person is treated as “interested” in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if:

- (i) he owns them;
- (ii) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (iii) by virtue of any agreement to purchase, option or derivative, he: (a) has the right or option to acquire them or call for their delivery; or (b) is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

- (iv) he is party to any derivative: (a) whose value is determined by reference to their price; and (b) which results, or may result, in his having a long position in them.

- 6.4 The Directors are not aware of any agreement or arrangement or understanding by which the beneficial ownership of any Ordinary Shares acquired by the Company pursuant to the Share Buyback Resolution will be transferred to any other person. Such Ordinary Shares will, in accordance with the 2006 Act, either be held in treasury up to the amounts permitted to be held in treasury by the 2006 Act or be cancelled and the issued share capital of the Company reduced by the nominal amount of those Ordinary Shares so purchased.
- 6.5 There has been no significant change in the financial or trading position of the Company since 31 January 2019, being the end of the last financial period for which audited financial information has been published for the Company.
- 6.6 There are no arrangements or understandings that are connected to, or dependent on, the acquisition of Ordinary Shares by the Company pursuant to the share buyback authority under the Share Buyback Resolution and/or the passing of the Waiver Resolution.

## **7 Material contracts**

The Company has not entered into a material contract (not being a contract entered into in the ordinary course of business) within the two year period immediately preceding the date of this document.

## **8 Directors' service contracts**

No Director has a service contract with the Company nor are any such service contracts proposed.

The contract for the services of Christopher Mills, as the Chief Executive, and the carrying out of day-to-day investment decisions is with Growth Financial Services Limited and contained in a secondment services agreement between Growth Financial Services Limited and the Company. Christopher Mills is a director of Growth Financial Services Limited and Growth Financial Services Limited is entitled to receive part of the investment management and related fees payable to Growth Financial Services Limited and Harwood Capital LLP as may be agreed between them from time to time. This secondment services agreement continues until terminated by the Company or Growth Financial Services Limited on not less than 12 months' notice.

Each Director is entitled to a fee of £25,000 per annum from the Company, except the Chairman who receives a fee of £30,000 per annum from the Company. In addition, all Directors are entitled to reimbursement of travel, hotel and other expenses incurred by them in the course of their duties relating to the Company. In the event that a Director wishes to resign he does so by tendering his resignation to the Board which is accepted at a Board meeting. No Director has waived or agreed to waive future emoluments nor has any Director waived any such emolument during the current financial year. No commissions or performance related payments have been or will be made to the Directors by the Company.

No new contracts or arrangements with respect to the Directors have been entered into or amended within six months of the date of this document.

## **9 Current rating**

The Company has not been rated by the rating agencies.

## **10 Documents available for inspection**

Copies of the documents listed below are available for inspection on <http://www.harwoodcapital.co.uk/literature/nascit> or from the company secretary at Derringtons Limited, Hyde Park House, 5 Manfred Road, London SW15 2RS:

- (i) the annual reports for the financial years ended 31 January 2018 and 31 January 2019;
- (ii) the Articles;
- (iii) the consent letter from Winterflood Securities referred to in paragraph 6.1 of this Part II; and
- (iv) this document.

## **11 Documents incorporated by reference**

The annual reports for the financial years ended 31 January 2018 and 31 January 2019 are incorporated into this document by reference.

Hard copies of the annual report for the financial year ended 31 January 2018 have already been sent to Shareholders and will not be sent to Shareholders again unless requested by contacting Jane Muir at Derringtons Limited, Hyde Park House, 5 Manfred Road, London SW15 2RS or by telephoning +44 (0)20 8819 6486.

Hard copies of the annual report for the financial year ended 31 January 2019 are being sent to Shareholders with this document and are also available on request by contacting Jane Muir at Derringtons Limited, Hyde Park House, 5 Manfred Road, London SW15 2RS or by telephoning +44 (0)20 8819 6486.

The table below is intended to enable Shareholders to identify easily specific items of historical financial information in relation to the Company for the financial year ended 31 January 2019 and 31 January 2018 that are incorporated by reference into this document. These documents will be published on the Company's website, and are also available in hard copy, as set out above.

<b>Document</b>	<b>Section</b>	<b>Page number</b>
<b>Annual report for the Company for year ended 31 January 2019</b>	Income statement	46
	Balance sheet	48
	Cash flow statement	49
	Statement of changes in equity	47
	Accounting policies	50ff
	Notes to the financial statements	50ff
	Independent auditors' report	38ff
<b>Annual report for the Company for year ended 31 January 2018</b>	Income statement	46
	Balance sheet	48
	Cash flow statement	49
	Statement of changes in equity	47
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## NOTICE OF ANNUAL GENERAL MEETING

# North Atlantic Smaller Companies Investment Trust PLC

*(an authorised closed-ended investment company incorporated in England and Wales with registered number 01091347)*

NOTICE IS HEREBY GIVEN THAT the annual general meeting of North Atlantic Smaller Companies Investment Trust PLC (the **Company**) will be held at 6 Stratton Street, London W1J 8LD at midday on 25 June 2019 for the purpose of considering the following resolutions (the **Annual General Meeting**). Resolutions 1 to 11 and 15 will be proposed as ordinary resolutions. Resolutions 12 to 14 will be proposed as special resolutions. Resolution 15 will be taken on a poll of the Independent Shareholders (as defined in the circular sent by the Company to its shareholders on 28 May 2019):

### ORDINARY RESOLUTIONS

#### Reports and accounts

- 1 To receive the Company's annual financial statements and the reports of the directors and of the auditors for the financial year ended 31 January 2019 (the **Annual Report**).

#### Directors' remuneration report

- 2 To approve the directors' remuneration report (excluding the directors' remuneration policy) set out on pages 33 to 37 of the Annual Report for the financial year ended 31 January 2019.

#### Dividend

- 3 To declare a final dividend of 30 pence per ordinary share of 5 pence each in the capital of the Company for the year ended 31 January 2019, payable to the holders of Ordinary Shares on the register at 5.00pm on 31 October 2019 and to be paid on 21 November 2019.

#### Directors

- 4 To elect Charles Wake as a non-executive director of the Company.
- 5 To re-elect Christopher Mills, who retires in accordance with the UK Corporate Governance Code, as a director of the Company.
- 6 To re-elect Peregrine Moncreiffe, who retires in accordance with the UK Corporate Governance Code, as a non-executive director of the Company.
- 7 To re-elect George Loewenbaum, who retires in accordance with the UK Corporate Governance Code, as a non-executive director of the Company.
- 8 To re-elect Lord Howard of Rising, who retires in accordance with the UK Corporate Governance Code, as a non-executive director of the Company.

## **Auditors**

- 9 To approve the appointment of KPMG LLP as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next general meeting of the Company at which accounts are laid.
- 10 To authorise the directors of the Company to determine the remuneration of the auditors.

## **Directors' authority to allot shares**

- 11 THAT the directors of the Company be generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities for the purposes of section 551 of the Companies Act 2006 (the **2006 Act**) up to an aggregate nominal amount of £238,760 provided that this authority shall expire at the conclusion of the next annual general meeting of the Company after the date of the passing of this resolution, except that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired and that this authority shall be in substitution for all previous authorities conferred upon the directors of the Company pursuant to section 551 of the 2006 Act but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

## **SPECIAL RESOLUTIONS**

### **Disapplication of pre-emption rights**

- 12 THAT, subject to and conditional upon the passing of Resolution 11 above and in substitution for all existing authorities, the directors of the Company be generally empowered, pursuant to sections 570 and 573 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash as if section 561 of the 2006 Act did not apply to any such allotment provided that this power shall be limited to:
  - (a) the allotment of equity securities in connection with a rights issue or other pro rata offer in favour of holders of ordinary shares of the Company where the equity securities respectively attributable to the interests of all the holders of ordinary shares of the Company are proportionate (as nearly as may be) to the respective number of equity securities held by them subject in each case to such exclusions or other arrangements as the directors of the Company may consider necessary or expedient to deal with fractional entitlements or legal, regulatory or practical difficulties under the laws of any territory or the requirements of a regulatory body; and
  - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £35,814,

and such authority shall expire at the conclusion of the next annual general meeting of the Company after the date of the passing of this resolution except that the Company may before such expiry make an offer or agreement which would or might require equity

securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

### **Authority to make market purchases of ordinary shares**

- 13 THAT the Company be and is generally and unconditionally authorised, in accordance with the Company's articles of association and section 701 of the 2006 Act, to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of the Company on such terms and in such manner as the directors of the Company may from time to time determine provided that:
- (a) the maximum aggregate number of ordinary shares of the Company authorised to be purchased is 1,432,562 (representing 10% of the Company's issued ordinary share capital);
  - (b) the minimum price which may be paid for an ordinary share of the Company is 5 pence (the nominal value) (exclusive of expenses (if any) payable by the Company);
  - (c) the maximum price (exclusive of expenses (if any) payable by the Company) which may be paid for an ordinary share of the Company purchased under this authority is an amount equal to the higher of (i) 105% of the average of the middle market quotations for an ordinary share of the Company derived from the Official List for the five Business Days immediately preceding the day on which the ordinary share of the Company is purchased, and (ii) the higher of the price of the last independent trade and the highest current independent bid for an ordinary share of the Company on the trading venue where the purchase is carried out; and
  - (d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution except that the Company may before such expiry make a contract or contracts to purchase ordinary shares of the Company under this authority which will or may be completed or executed wholly or partly after such expiry.

### **Notice of general meetings**

- 14 THAT a general meeting other than an annual general meeting may be called on no less than 14 clear days' notice.

### **ORDINARY RESOLUTION**

#### **Waiver of Rule 9 of the Takeover Code**

- 15 To approve the waiver by the Panel on Takeovers and Mergers of any requirement under Rule 9 of the City Code on Takeovers and Mergers (the **Code**) for Christopher Mills and persons presumed to be acting in concert with him under the City Code on Takeovers and Mergers (the **Concert Party**) to make a general offer to shareholders of the Company as a result of market purchases by the Company of up to 1,432,562 ordinary shares in the capital of the Company pursuant to the authority to be sought under Resolution 13 above which

would have the effect of increasing the Concert Party's aggregate interest to 31.19% of the Company's voting rights.

*By order of the Board*

A handwritten signature in black ink, consisting of the letters 'J', 'M', and 'i' in a cursive style.

Derringtons Limited  
*Secretary*

*Registered Office:*  
6 Stratton Street  
London  
W1J 8LD  
Registered No. 01019347

Dated: 28 May 2019

Notes:

- 1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Annual General Meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of ordinary shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of ordinary shares held by you). Please indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- 2 To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, BR3 4ZF no later than forty eight hours before the time fixed for the meeting.
- 3 The return of a completed proxy form will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
- 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 shareholder 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 shareholder as to the exercise of voting rights.
- 5 The statement of the rights of the shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- 6 To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at close of business on 23 June 2019 (or, in the event of any adjournment, close of business on the date which is two days 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.
- 7 As at 24 May 2019 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 14,325,620 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 24 May 2019 are 14,325,620.
- 8 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 who have requested 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 auditors 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.

- 9 Any member attending the Annual General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Annual General Meeting but no such answer need be given if to do so would interfere unduly with the formal business of the Annual General Meeting or involve the disclosure of confidential information, or it is not desirable in the interest of the Company or the good order of the Annual General Meeting that the question be answered.
- 10 Copies of the letters of appointment of the non-executive directors are available for inspection at the Company's registered office during normal business hours from the date of this document to the date of the Annual General Meeting, and at the place of the Annual General Meeting from at least 15 minutes prior to the meeting and until its conclusion.

**If you do not wish to attend the meeting please complete and return the  
Form of Proxy as soon as possible.**

