# Investor Reporting Disclosure Template

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| **Name of Alternative Investment Fund ('AIF'):** | **AVI Partners Capital Fund Plc ("AVI Capital")**<br>**Sub Fund: AVI International Value Fund (the "Fund")** |
| **Name of Alternative Investment Fund Manager ('AIFM'):** | **Asset Value Investors Ltd ("AVI" or "Investment Manager")** |
| **Name of Depositary:** | **SEI Investments – Depositary & Custodial Services (Ireland) Limited** |
| **Name of Auditor:** | **Deloitte** |
| **Date of disclosure:** | **22 March 2017** |

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| **Latest share price:** | Refer to monthly newsletters which can be found on the AIFM's website www.assetvalueinvestors.com |

## 1. Introduction

Pursuant to the Alternative Investment Fund Managers Directive, this investor reporting disclosure document is provided to all potential investors in AIFs located in the European Economic Area ("EEA") and also to EEA investors in AIFs located outside the EEA.

This document should be viewed in conjunction with the offering memorandum. It does not purport to provide complete details of the AIF and potential investors should not solely rely upon this document when determining whether to make this investment. Furthermore, investors should refer to the disclaimers contained within the offering document.

## 2. Performance Summary

Refer to monthly newsletters which can be found on the AIFM's website www.assetvalueinvestors.com

## 3. Particulars of the AIF

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| 3a | Domicile of fund | Dublin, Ireland |
| 3b | Process by which the AIF may change its investment strategy or investment policy, or both | A material change in investment policy or strategy can only be made with prior shareholder approval on the basis of an extraordinary resolution of shareholders. A non material amendment to the investment policy may be made on the basis of votes cast at a general meeting of shareholders of the Fund. |
| 3c | Legal description of the contractual relationship entered into for the purpose of investment. | AVI Partners Capital Fund Plc - ("AVI Capital"), is an umbrella investment company with variable capital and with segregated liability between funds incorporated with limited liability in Ireland on 21 July 2011 with registration number |

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| | | 501463 and authorised by the Central Bank of Ireland ("Central Bank") as an investment company pursuant to Part XIII of the *Companies Act, 1990*. Each sub-fund constitutes a separate portfolio of assets maintained by AVI Capital in accordance with its Articles. The liability between sub-funds is segregated pursuant to Irish company law.<br><br>AVI International Value Fund (the "Fund"), is an open-ended sub-fund of AVI Capital. |
| | | Asset Value Investors Limited, a United Kingdom company, is the investment manager of the Fund (the "Investment Manager"). The Investment Manager also serves as the investment manager of other investment funds and segregated accounts that may utilize investment strategies similar to the strategies used by the Fund.<br><br>SEI Investments – Depositary & Custodial Services (Ireland) Limited serves as the Fund's Custodian and SEI Investments – Global Fund Services Limited as the Fund's Administrator.<br><br>The depositary to the Fund is SEI Investments – Depositary & Custodial Services (Ireland) Limited.<br><br>The depositary may only re-use the assets with the consent of the AIFM and subject to any conditions that may be agreed with the AIFM and any restrictions or limitations set out in the Prospectus of the Fund. |

**4. Investment Strategy, Objectives and Restrictions**

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| 4a | AIF's investment strategy and objectives | The investment objective of the Fund is to achieve long-term capital appreciation. The Fund will aim to exceed the returns of the MSCI All Country World Index on a rolling three-year basis.<br><br>In order to achieve the Fund's objective, the Investment Manager intends to invest in equities, fixed income, and other types of securities including common stocks, securities convertible into common stock, and rights and warrants to purchase common stock, that are trading at what the Investment Manager believes to be a discount to their net asset value. The geographical spread of securities is global. The Fund is generally expected to hold fewer than 45 individual securities and will invest in securities of all market capitalisations. |
| | | *Investment Philosophy*<br>The Investment Manager's investment philosophy stresses |

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| | | economic return and absolute, rather than relative, value.<br><br>This philosophy often means that the Fund will buy out-of-favour securities and will sell into periods of market enthusiasm. While this approach may lead to periods of relative underperformance, the Investment Manager believes that it offers significant investment opportunities that will produce substantial returns over the long term. Accordingly, the Investment Manager expects to take advantage of periods of market enthusiasm to sell, and times when lack of investor interest or despondency offers attractive buying opportunities.<br><br>In selecting securities, the Investment Manager will generally concentrate on securities that it believes will provide long term capital appreciation. The Fund will typically seek to invest in issuers having "high intrinsic value" (essentially having assets for which there would normally be a ready demand, even in unfavourable conditions) that are trading at what the Investment Manager believes to be a discount to their underlying value.<br><br>The Fund will not take short positions. |

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| 4b | Summary of the type of assets in which AIF may invest | Equities, fixed income, securities convertible into common stock and rights and warrants to purchase common stock. |
| 4c | Investment techniques that may be employed on behalf of the AIF and all associated risks | Investment Techniques: Research and analysis focussing on companies whose shares stand at a discount o estimated underlying net asset value.<br><br>Risks:<br>An investment in the Fund may be deemed to be speculative and is not intended as a complete investment program. The Fund is designed for sophisticated investors who are able to bear a substantial loss of their entire capital commitment and who have limited need for liquidity in their investment. There is no assurance that the Fund's objective will be achieved. An investment in the Fund is subject to substantial risks – as follows: |
| | | **INVESTMENT RISKS**<br>**Dependence on key personnel**<br>The performance of the Fund is largely dependent on the services of a limited number of persons at the Investment Manager. If the services of all or a substantial number of such persons were to become unavailable, the result of such |

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| | | a loss of key management personnel could be substantial losses for the Fund. |
| | | **No guarantee on investment model and discretionary management**<br>The Investment Manager makes discretionary trading decisions and in doing so it may rely on multiple quantitative and technical models. All trading decisions will be reflective of the judgment, experience, and expertise of personnel of the Investment Manager. Trading decisions informed by the use of statistical methods, trading models, and quantitative research tools depend on the accurate forecasting of major price moves or trends in some commodities. No assurance can be given of the accuracy of models, the forecasts or the existence of price moves. |
| | | **Credit markets risk**<br>The Fund's performance may be affected by default or perceived credit impairment of any individual security or instrument and by general or sector-specific or rating class-specific credit spread<br>movement. |
| | | **Liquidity risk**<br>It is not expected that an active secondary market will develop in the Fund's Shares. Not all securities or instruments invested in by the Fund will be listed or rated and consequently liquidity may be low. Moreover, the accumulation and disposal of holdings in some investments may be time consuming and may need to be conducted at unfavourable prices. The Fund may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. In some circumstances, investments may be relatively illiquid making it difficult to acquire or dispose of them. Accordingly, the Fund's ability to respond to market movements may be impaired, and the Fund may experience adverse price movements on liquidation of its investments. |
| | | **Concentration of investments**<br>The Fund may at certain times hold relatively few investments. The Fund could be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected, including default of the issuer or counterparty. Additionally, historical correlations may undergo dramatic change, |

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| | | thereby reducing expected diversification protection. |
| | | **Market capitalisation risk**<br>The securities of small-to-medium-sized (by market capitalisation) companies, or financial instruments related to such securities, may have a more limited market than the securities of larger companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market. In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports. |
| | | **Market risk**<br>Some of the markets and exchanges in which the Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which the Fund may liquidate positions to meet redemption requests or other funding requirements. |
| | | **Exchange control and repatriation risk**<br>It may not be possible for the Fund to repatriate capital, dividends, interest and other income from certain countries, or it may require government consents to do so. Funds could be adversely affected by the introduction of, or delays in, or refusal to grant any such consent for the repatriation of funds or by any official intervention affecting the process of settlement of transactions. Economic or political conditions could lead to the revocation or variation of consent granted prior to investment being made in any particular country or to the imposition of new restrictions. |
| | | **Emerging markets risk**<br>The Fund may invest in securities of companies in emerging markets. Such securities may involve a high degree of risk and may be considered speculative. Risks include (i) greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic instability;<br>(ii) the small current size of the markets for securities of emerging markets issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility; and<br>(iii) certain national policies that may restrict a Fund's |

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| | | investment opportunities including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (iv) the absence of developed legal structures governing private or foreign investment and private property. |
| | | **Political, regulatory, settlement and sub-custodial risk**<br>The value of the Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets. As some of the Fund may invest in markets where the trading, settlement and custodial systems are not fully developed, the assets of a Fund that are traded in such markets and that have been entrusted to sub-custodians in such markets may be exposed to risk in circumstances in which the Custodian will have no liability. |
| | | **Investing in fixed income securities**<br>Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Lower-rated securities will usually offer higher yields than higher-rated securities to compensate for the reduced creditworthiness and increased risk of default that these securities carry. Lower rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities that respond primarily to fluctuations in the general level of interest rates. There are fewer investors in lower-rated securities and it may be harder to buy and sell such securities at an optimum time. The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, the Fund's investment in such markets may be less liquid and their prices may be more volatile than comparable investments in securities trading in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others that may affect portfolio liquidity. |

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| | | **Changes in interest rates**<br>The value of the Fund's Shares may be affected by substantial adverse movements in interest rates. |
| | | **Derivatives and techniques and instruments risk**<br>(a) *General*<br>The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The use of techniques and instruments also involves certain special risks, including (1) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (2) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (3) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities, (4) the possible absence of a liquid market for any particular instrument at any particular time, and (5) possible impediments to effective portfolio management or the ability to meet redemption.<br>(b) *Credit default swaps*<br>The use of credit default swaps can be subject to higher risk than direct investment in debt securities. The market for credit default swaps may from time to time be less liquid than debt securities markets. In relation to credit default swaps where the Fund sells protection the Fund is subject to the risk of a credit event occurring in relation to the reference issuer. Furthermore, in relation to credit default |

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| | | swaps where the Fund buys protection, the Fund is subject to the risk of the counterparty of the credit default swaps defaulting.<br>(c) *Liquidity of futures contracts*<br>Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Fund from liquidating unfavourable positions.<br>(d) *Forward trading*<br>Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable.<br>The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to the Fund.<br>(e) *Swap transactions*<br>The Fund may enter into transactions in the forward or other markets that could be characterized as swap transactions, and that may involve interest rates, currencies, securities interests, commodities, and other items. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows measured by different interest rates, exchange rates, or prices, with payments calculated by reference to a principal ("notional") amount or quantity. Transactions in these markets present certain risks similar to those in the OTC forward and options markets:<br>(i) the swap markets are generally not regulated;<br>(ii) there are generally no limitations on daily price moves in swap transactions;<br>(iii) speculative position limits are not applicable to swap transactions, although the counterparties may limit the size or duration of positions available as a consequence of credit |

considerations;

(iv) participants in the swap markets are not required to make continuous markets in swap contracts; and

(v) the swap markets are “principals’ markets,” in which performance with respect to a swap contract is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearing corporation.

As a result, the Fund will be subject to the risk of the inability of or refusal to perform with respect to such contracts by counterparties trading with the Fund.

(f) *Management risk*

Derivative products are highly specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.

(g) *Exposure risk*

Certain transactions may give rise to a form of exposure. Such transactions may include, among others, reverse repurchase agreements, and the use of when-issued, delayed delivery or forward commitment transactions. Although the use of derivatives may create an exposure risk, any exposure arising as a result of the use of derivatives will not exceed the Net Asset Value of the relevant Fund.

(h) *Lack of availability*

Because the markets for certain derivative instruments are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. On the expiration of a particular contract, the Investment Manager may wish to retain the Fund’s position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that the Fund will engage in derivatives transactions at any time or from time to time. The Fund’s ability to use derivatives may also be limited by certain regulatory and tax considerations.

(i) *Risks related to contracts for differences Contracts for differences (“CFDs”)*, also known as synthetic swaps, are derivative contracts the object of which is to secure a profit or avoid a loss by reference to fluctuations in the value or price of equities or financial instruments or in an index of

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| | | such financial instruments for example, an interest rate CFD is a derivative instrument designed to exchange periodic payments related to interest rates in a single currency and a currency CFD is designed to exchange streams of interest payments in different currencies for an agreed period of time and to exchange principal amounts in different currencies at a pre-agreed exchange rate at maturity. CFDs are leveraged transactions, so profits and losses can vary in direct proportion to the value of the underlying securities.<br>Consequently, they are only suitable for experienced investors. CFDs are generally traded principal-to-principal with no centralised market quote. As such they are deemed to be off exchange or over-the-counter ("OTC") products and are not specifically covered by any stock exchange rules. With CFDs, a Fund can buy ("go long") with the view that the underlying asset will increase in value or a Fund can sell ("go short") with the view that the underlying asset will decrease in value. To be used successfully, an investor in CFDs must have a clear view of an expected price movement and a well-developed sense of the risk he is taking. In order to protect the integrity of the market, participants in CFD trading are required to post margin to cover potential liabilities arising from price movement. Margin is calculated on the underlying asset value for CFDs; it is expressed as a percentage of the value and the rate varies according to the volatility of the market or the individual asset. As a guideline only, an equity CFD will typically require a margin of 10% - 20%. Cleared funds in excess of the margin requirement are usually required prior to dealing. |
| | | **COUNTERPARTY AND CREDIT RISK**<br>The Fund may enter into secured lending arrangements as part of its normal course of business and may transfer, mortgage, charge or encumber any assets or cash for the purpose of, among other things, providing margin or collateral in respect of permitted transactions. Fund may also grant security or permit security to be taken over its assets by entities providing services to the Fund in order to, among other things, secure any fees or obligations owed by the Fund to these entities. The claims of a secured party will rank ahead of the claim of any Shareholder for the return of assets or money from the Fund, in particular, in the event of an insolvency or similar event. |
| | | **Counterparty risk**<br>The Fund is subject to the risk of the inability of any counterparty to perform with respect to transactions, |

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| | | whether due to insolvency, bankruptcy or other causes. The Fund may pass cash or other assets to its counterparties as margin or collateral to an unlimited extent. At any one time, the Fund may be exposed to the creditworthiness of its counterparties in respect of all or part of such margin or collateral. In the event of the insolvency of a counterparty, the Fund might not be able to recover cash or assets of equivalent value in full. |
| | | **Credit risk**<br>There can be no assurance that issuers of the securities or other instruments in which the Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments. The Fund will also be exposed to a credit risk in relation to the counterparties (including prime brokers and other financing counterparties) with whom they transact or place margin or collateral in respect of transactions in derivative instruments and may bear the risk of counterparty default. |
| | | **VALUATION, CURRENCY AND REPORTING RISKS**<br>**Amortised cost method**<br>Some or all of the investments the Fund may be valued at amortised cost. In periods of declining short-term interest rates, the inflow of net new money from the continuous issue of shares will likely be invested in portfolio instruments producing lower than average yields of the Fund's portfolio, thereby reducing the current yield of the Fund. In periods of rising interest rates, the opposite can be true. |
| | | **Valuation risk**<br>The Fund may invest some of its assets in illiquid and/or unquoted securities or instruments. Such investments or instruments will be valued in accordance with the Valuation Policy of the Investment Manager. Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or "close-out" prices of such securities. The accounting, auditing and financial reporting standards of many of the countries in which the Fund may invest may be less extensive than those applicable to US and European Union companies. |

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| | | **Currency risk**<br>Assets of the Fund may be denominated in a currency other than the Base Currency of the Fund and changes in the exchange rate between the Base Currency and the currency of the asset may lead to a depreciation of the value of the Fund's assets as expressed in the Base Currency. It may not be possible or practical to hedge against such exchange rate risk. The Fund's Investment Manager may, but is not obliged to, mitigate this risk by using financial instruments. Funds may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Neither spot transactions nor currency exchange forward contracts eliminate fluctuations in the prices of a Fund's securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. Performance of a Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held. A Fund may enter into currency exchange transactions and/or use techniques and instruments to seek to protect against fluctuation in the relative value of its portfolio positions as a result of changes in currency exchange rates or interest rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. Although these transactions are intended to minimise the risk of loss due to a decline in the value of hedged currency, they also limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the relevant contract amounts and the value of the securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date when the relevant contract is entered into and the date when it matures. The successful execution of a hedging strategy that matches exactly the profile of the investments of any Fund cannot be assured. It may not be possible to hedge against generally anticipated exchange or interest rate fluctuations at a price sufficient to protect the assets from the anticipated decline in value of the portfolio positions as a result of such fluctuations. |
| | | **Share currency designation risk**<br>A Class of Shares of the Fund may be designated in a currency other than the Base Currency of the Fund. Changes in the exchange rate between the Base Currency and such designated currency may lead to a depreciation of the value |

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| | | of such Shares as expressed in the designated currency.<br><br>The Fund's Investment Manager may try but is not obliged to mitigate this risk by using financial instruments such as those described under the heading "Currency Risk". Investors should be aware that this strategy may substantially limit Shareholders of the relevant Class from benefiting if the designated currency falls against the Base Currency and/or the currency/currencies in which the assets of the Fund are denominated. In such circumstances Shareholders of the relevant Class of Shares of the Fund may be exposed to fluctuations in the Net Asset Value per Share reflecting the gains/losses on and the costs of the relevant financial instruments. Financial instruments used to implement such strategies will be assets/liabilities of the Fund as a whole. However, the gains/losses on, and the costs of, the relevant financial instruments will accrue solely to the relevant Class of Shares of the Fund. |
| | | **Investment manager valuation risk**<br>The Administrator may consult the Investment Manager with respect to the valuation of certain investments. There is an inherent conflict of interest between the involvement of the Investment Manager in determining the valuation price of each Fund's investments and the Investment Manager's other duties and responsibilities in relation to the Funds. |
| | | **Financial market crisis**<br>From time to time, global financial markets are subject to significant volatility which impact on the value of assets in which the Fund invests. Global markets are connected and subject to contagion from various market sectors which may historically have appeared unrelated and, as such, are difficult for the Investment Manager to predict. Some of the funds, markets and asset classes in which the Fund may invest may be less regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which the Fund may liquidate positions to meet redemption requests or other funding requirements. In addition, many of the developments are unprecedented and as of yet have no defined limit or floor as to their effect on markets. The Investment Manager wishes to inform investors that the effect of large scale government intervention in the markets, including nationalization and bail-outs; as well as increased default, insolvency and credit risks, increased call |

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| | | for regulation of the hedge fund and derivatives sectors, credit rating agency developments, banking capital adequacy reforms, financial reporting transparency and liquidity constraints may have an adverse impact on the value of the investments of the Fund which is not yet possible to predict. |
| | | **Valuation risk**<br>The credit crisis in the global markets has created a degree of uncertainty as to the liquidity and valuation of certain companies, funds and other investments. Valuation in such a liquidity crisis contains more uncertainty. Inherent in such valuation risks are factors, including the following, late or non-reporting of Sub-Advisors due to the suspension in valuation or default of their own investments, imposition of suspension of valuations, gating of redemption proceeds, creation of side pockets and other restraints which can have a negative impact or affect the valuation of certain companies, funds and other investments. The Investment Manager may use alternative methods of valuation within the scope of the Articles and the requirements of International Financial Reporting Standards to attempt to attribute a fair value to such investments where the primary pricing source is not available or unrepresentative. |
| | | **Conflicts of interest**<br>The Investment Manager may be consulted by the Custodian and/or Administrator in relation to the valuation of investments of the Fund. There is a conflict of interest between any involvement of the Investment Manager in this valuation process and with the Investment Manager’s entitlement to any proportion of a management fee which is calculated on the basis of the Net Asset Value. The Fund and other funds managed by the Investment Manager may have similar or overlapping investment objectives to the Fund. In the event that a conflict of interest does arise, the Directors shall endeavour to ensure that it is resolved. |
| | | **RISK FACTORS NOT EXHAUSTIVE**<br>The investment risks set out in this document do not purport to be exhaustive and potential investors should be aware that an investment in the Fund may be exposed to risks of an exceptional nature from time to time. |
| 4d | Investment restrictions | The Investment Manager will generally adhere to the following restrictions in making its investment decisions (each measured at the time of investment): |

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| | | (a) a maximum of 20% of the Fund will be invested in any one issuer at the date of purchase;<br>(b) the Company, in respect of the Fund, will not purchase more than 25% of the outstanding securities of any one issuer and the Investment Manager generally intends to manage the Fund to ensure that the Fund's holdings do not exceed 25% of the outstanding shares of any one issuer;<br>(c) a maximum of 20% of the Fund's assets will be invested in securities that are not publicly traded, and the Investment Manager generally intends to manage the Fund to ensure that unlisted securities do not account for more than 5% of the Fund's assets; and<br>(d) these securities/ strategies will not be invested in:<br>foreign exchange contracts other than for non-speculative hedging purposes;<br>stock lending;<br>transactions in derivatives, short sales;<br>any investment in the securities of an issuer which derives its principal revenues from pornography or 30% of its revenues from the defence industry insofar as the Investment Manager is reasonably able to determine;<br>any investment in securities or any other investments that would cause the Fund to be treated for United States federal income tax purposes as engaged in a "trade or business within the United States" within the meaning of §§ 864(b) or 897(a) of the United States Internal Revenue Code of 1986.<br><br>**Borrowing and leverage**<br>The Investment Manager, in respect of the Fund, does not intend to borrow or incur leverage. |

**5. Liquidity and Risk Management**

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| 5a | Description of the AIF's liquidity risk management | **REDEMPTION OF SHARES**<br>The first Business Day of each month or such other day or days as may be determined by the Fund and notified in advance to Shareholders, provided that there is at least one Dealing Day per quarter.<br>**Dealing deadline for redemptions**<br>5.00 p.m. (Irish time) 30 days before the relevant Dealing Day or such other time prior to the Valuation Point as the Fund may in its absolute discretion determine from time to time. |

**6. Leverage**

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| 6a | Circumstances in which the AIF may use leverage | The Fund does not leverage. |

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| 6b | Types and sources of leverage and associated risks | N/A as the Fund does not leverage. |
| 6c | Restrictions on the use of leverage and any collateral and asset reuse arrangements | N/A as the Fund does not leverage. |
| 6d | Maximum level of leverage which may be employed on behalf of the AIF | N/A as the Fund does not leverage. |

**7. Valuation**

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| 7a | Summary description of the AIF's valuation procedure | 1. Valuation of AIF Assets.<br>Each asset will be priced using the prior business day closing bid price according to one of the following three levels of pricing transparency and/or availability.<br><br>**Level 1 – Easily observable market values**<br><br>For assets where quoted prices/values are readily available in active/liquid markets.<br><br>**Level 2 – Observable markets that provide a good guide to the price of the asset, even though there is no direct market**<br><br>It is the opinion of the AIFM that the Level 1 pricing principles (above) will not cover some of the assets in the AIF's portfolio as, in current markets, prices are either:<br>(a) unavailable on a daily basis;<br>or<br>(b) available but bearing little or no relation to fair market value or an executable level. In either of the above two circumstances, the Level 2 valuation principles will be applied.<br><br>Such assets will be valued by using a recognised proxy asset which does itself have an observable market price, or where a third party (i.e. a broker dealer) is willing and able to provide a pricing grid. The Investment Manager can determine suitable proxy assets and will document these in support of the price used, pending scrutiny and final sign off by the Valuation Team Manager of the AIFM. This proxy asset price and/or any supporting documentation will be made available to any parties as required.<br><br>**Level 3 – No observable or direct markets**<br><br>If, in the opinion of the AIFM, the closing prices of the investments do not reflect their fair value, or are not available, the AIFM can utilise values that are estimated with |

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| | | care and in good faith by the Investment Manager pending scrutiny and final sign off by the AIFM.<br><br>Investments not listed or traded on any regulated stock exchange or markets are valued by a competent person appointed by the Directors of the Investment Manager.<br><br>The method used to estimate the fair value of private investments includes the Market Approach, which involves a significant degree of judgment.<br><br>Under the Market Approach, fair value may be determined by reference to recent purchases of the same securities or similar securities, or a recent transaction involving the investee company or by reference to observable valuation measures for companies that are determined by the Investment Manager to be comparable. Observable inputs used in the Market Approach to derive a value may include public prices for securities issued by, and the relevant performance metrics of, companies deemed comparable to the investee company; and/or transaction prices involving significant equity interest in companies deemed comparable to the investee company. Unobservable inputs used in the Market Approach may include the key performance metric of the investee company. Fund Assets in this category will be reviewed by the Investment Manager and such review will be approved by the Valuation Team Manager quarterly. The AIFM will then review and retain such valuations on file in order to support their use within the valuation of assets.<br><br>**Interrogation of Pricing**<br>In addition to being the AIFM, Asset Value Investors Limited also acts as Valuer. The Valuer is required to interrogate all prices within all pricing levels detailed above in order to prove accuracy. AVI will perform this through two methods:<br><br>**1. Daily Price Variation Analysis.**<br>**a.** On a daily basis the change in price over the prior business day for all assets held within the portfolio will be monitored, and where any asset has moved by more than 5% the Valuer will go back to source data (Bloomberg and/or supporting price evidence) and verify that the price variation is correct.<br>**b.** Where the price is incorrect it will be amended to the correct price within the Valuer's database accordingly.<br><br>**2. Monthly Price Verification**<br>The Valuer must interrogate the validity of prices |

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| | | irrespective of price source, however the level of interrogation will alter depending on which pricing level the assets fall into. Below is set out the proposed verification process for each level.<br><br>**Level 1** – Easily observable market values<br>- Since these prices are independently received from Bloomberg they can be treated with the greatest level of certainty. Therefore, for level 1 securities the Valuer will monitor daily to see stock that have either a) moved by more than 5% or b) have not changed price at all, and will investigate to ensure that those stocks are pricing correctly. If there is an issue the price will be corrected within the Valuer's systems to reflect the correct price.<br><br>**Level 2 – Observable markets that provide a good guide to the prices of the asset, even though there is no direct market**<br>- The Investment Manager will provide an explanation of, and justification for, the pricing methodology to be used for that security, including definition of proxy assets that do have an observable market price or defining the third party (i.e. a broker dealer) who is willing and able to provide a pricing grid.<br>- This will need to be assessed and agreed by the AIFM.<br>- The AIFM will then continue to price level 2 assets based on the agreed pricing methodology and, on a monthly basis, save copies of the supporting evidence, either from the proxy assets or the third party.<br><br>**Level 3** – No observable or direct markets<br>- For each security within Level 3 the Investment Manager will provide a model to support the pricing methodology for the asset. The Investment Manager will also need to detail when and how often this model is expected to be updated.<br>- This model will need to be assessed and signed off by the AIFM.<br>- The AIFM will continue to price the security at this model price and;<br>    o On a monthly basis seek confirmation from the Investment Manager whether the model and/or price have changed.<br>    o Every 6 months request an updated model (whether it has changed or not) to support the ongoing pricing.<br><br>On a monthly basis the AIFM will produce a report detailing |

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| | | all the assets and their respective pricing level within the AIF.<br><br>2. Calculation of NAV<br><br>The calculation of the NAV is delegated to the Administrator who will calculate the NAV in accordance with the AIF's pricing policy. The Administrator will report the NAV to the AIFM in line with the valuation schedule of the AIF and the AIFM will reconcile the NAV prior to sign-off. |

**8. Fair Treatment of Investors**

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| 8a | Brief description on how a fair treatment of investors is ensured | All investors are treated in an equal and fair manner in accordance with the Investment Manager's own 'Treating Customers Fairly' Policy.<br><br>The AIF does not accept side letters. |
| 8b | Description of preferential treatment by investors | N/A. See 8a above. |

**9. Delegation**

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| 9a | Description of any portfolio management or risk management function delegated by the AIFM | Neither the portfolio management or risk management functions are delegated. |
| 9b | Description of other AIFM functions delegated by the AIFM | Fund administration and fund accounting services have been delegated to SEI Investments – Global Fund Services Limited. Company secretarial services have been delegated to MFD Secretaries Limited. |
| 9c | Description of any safe-keeping function delegated by the depositary | The Depositary of the AIF (SEI Investments Trustee and Custodial Services (Ireland) Limited) also acts as Custodian and has delegated custody of the AIFs assets to JPMorgan Chase Bank, N.A. Save where liability has been lawfully discharged, the liability of SEI Investments Trustee and Custodial Services (Ireland) Limited with respect to the AIF's assets will not be affected. |
| 9d | Description of any conflict of interest that may arise pursuant to any of the delegations described above | None. |

## 10. Additional Disclosure Requirements

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| 10a | Most recent AIF Annual Report | The most recent AIF Annual Report can be obtained from the AIFM's website www.assetvalueinvestors.com or by contacting Asset Value Investors Limited on +44 (0) 207 659 4800. |
| 10b | Description of how the following periodic disclosure items will be disclosed to investors:<br>(i) the percentage of the AIF's assets that are subject to special arrangements arising from their illiquid nature<br>(ii) any new arrangements for managing the liquidity of the AIF<br>(iii) the current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks | The periodic disclosure items are disclosed in the Monthly Newsletters to investors which can be obtained from the AIFM's website www.assetvalueinvestors.com |
| 10c | Description of how the following periodic leverage disclosure will be disclosed to investors:<br>(i) any changes to (a) the maximum level of leverage that the AIFM may employ on behalf of the AIF; and (b) any right of reuse of collateral or any guarantee granted under the leveraging arrangement<br>(ii the total amount of leverage employed by that AIF. | N/A as the Fund does not leverage. |

## 11. Fees, Charges and Expenses

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| 11.1 | **Investment management fee** | The Investment Manager is entitled to receive an investment management fee out of the assets of the Fund of 1% per annum of the Net Asset Value of the Fund, accrued on each Dealing Day and payable quarterly in arrears (plus any applicable taxes).<br><br>The Investment Manager may waive or rebate all or part of its investment management fee and may differentiate among investors in so doing, it being acknowledged that the Investment Manager will have ultimate discretion in so doing. |
| 11.2 | **Administration fee** | The Administrator is entitled to receive an administration fee out of the net assets of the Fund of up to 0.11% per annum of the Net Asset Value of the Fund, subject to an agreed minimum fee, accrued and calculated on each Dealing Day and payable monthly in arrears. The Administrator is also entitled to reasonably agreed transaction costs, transfer agency |

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| | | and other charges (which will be at normal commercial rates) and other out of pocket expenses to be taken out of the assets of the Fund, plus any applicable taxes. |
| 11.3 | **Depositary fee** | Subject to an annual minimum fee of €10,000 the depositary is entitled to an annual fee of:<br>- 0.02% on assets in excess of €100 million<br>- 0.015% on assets in excess of €200 million<br>- 0.01% on assets in excess of €300 million |
| 11.4 | **Custody fee** | The Custodian is entitled to receive a custody fee out of the net assets of the Fund of up to 0.02% per annum of the Net Asset Value of the Fund subject to an agreed minimum, accrued and calculated on each Dealing Day and payable monthly in arrears. The Custodian is also entitled to reasonably agreed transaction costs, sub-custody and other charges (which will be at normal commercial rates) and other out of pocket expenses to be taken out of the assets of the Fund, plus any applicable taxes. |
| 11.5 | **Establishment expenses** | All fees and expenses relating to the establishment and organisation of the Company and the Funds including the fees of the Company's professional advisers, listing and registration fees will be borne by the Company and paid out of the assets of the relevant Fund. Such fees and expenses are estimated to amount to approximately EUR 50,000. Such costs and expenses will initially be payable out of the proceeds of the initial issue of Shares in the initial funds and, then, if further Funds are added, each additional Fund may be allocated its pro-rated share of such fees and expenses, and the share borne by the initial Funds will be reduced accordingly. Establishment expenses will be amortised over the first five Accounting Periods of the Company's existence and will be recorded in the annual audited accounts in accordance with International Financial Reporting Standards ("IFRS"). |
| 11.6 | **Operating expenses and fees** | The Company pays out of its assets all fees, costs and expenses of or incurred by the Investment Manager, the Administrator and the Custodian in connection with the ongoing management, administration and operation of the Company and each Fund. Such fees, costs expenses and disbursements payable by the Company include:<br>(a) auditors' and accountants' fees;<br>(b) lawyers' fees;<br>(c) commissions, fees and reasonable and properly vouched out-of-pocket expenses payable to any placing agent, structuring agent, paying agent, correspondent bank or distributor of the Shares;<br>(d) merchant banking, stock broking or corporate finance fees including interest on borrowings, index calculation, performance attribution, risk control and similar services' fees and expenses, fees and charges of clearing agents and interest on debit balances and other bank charges; |

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| | | (e) taxes or duties imposed by any fiscal or regulatory authority, including the annual fees of the Central Bank;<br>(f) costs of preparation, translation and distribution of all prospectuses, reports, certificates (if any), confirmations of purchase of Shares and notices to Shareholders;<br>(g) fees and expenses incurred in connection with the listing of Shares on any recognised market and in complying with the listing rules thereof;<br>(h) expenses of Shareholders' meetings;<br>(i) insurance premia;<br>(j) custody and transfer expenses;<br>(k) any other expenses, including clerical costs of issue or redemption of Shares;<br>(l) the cost of preparing, translating, printing and/ or filing in any language the Articles and all other documents relating to the Fund including registration statements, prospectuses, listing particulars, explanatory memoranda, annual, half-yearly and extraordinary reports with all authorities (including local securities dealers associations) having jurisdiction over the Fund or the offer of Shares and the cost of delivering any of the foregoing to the Shareholders;<br>(m) advertising expenses relating to the distribution of Shares;<br>(n) the cost of publication of notices in local newspapers in any relevant jurisdiction;<br>(o) the total costs of any amalgamation or reconstruction relating to the Company;<br>(p) all fees payable in respect of investments in collective investment schemes including, without limitation, subscription, redemption, management, performance, distribution, administration and/ or custody fees in respect of each collective investment fund in which the Fund invests, except where this is not permitted by the Central Bank; and<br>(q) any pro rata fees, costs or expenses of the Fund attributed in accordance with the Articles; in each case plus any applicable taxes. |
| 11.7 | **Directors' fees** | The Directors who are not associated with the Investment Manager or its affiliates will be entitled to remuneration for their services as directors provided however that the aggregate emoluments of each such Director will not exceed EUR12,500 (plus any applicable taxes) or such other amount as may be approved by a resolution of the Directors or the Shareholders in general meeting. The Directors' fees will be reviewed annually. In addition, all of the Directors will be entitled to be reimbursed out of the assets of each Fund for their reasonable out of pocket expenses incurred in discharging their duties as Directors. |
| 11.8 | **Company secretary fees** | The Company Secretary will receive a fee of EUR7,500 per annum (plus disbursements and any applicable taxes) out of the assets of the Company in respect of its company secretarial services to the Company. |

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| 11.9 | **Fee changes** | The rates of fees for the provision of services to any Fund or Class may be changed provided that written notice is given to affected Shareholders and they are provided with at least one opportunity (e.g. on a Dealing Day) to redeem their Shares prior to the new fees becoming effective. |

## 12. Subscription and Redemptions

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| 12.1 | **Minimum subscription** | A EUR Class: EUR1,000,000<br>B USD Class: equivalent of EUR1,000,000<br>C GBP Class: equivalent of EUR1,000,000<br><br>The AIFM may, at its discretion, change or waive the Minimum Subscription. |
| 12.2 | **Dealing day for subscriptions** | The first business day of each month or such other day or days as may be determined by AVI Capital and notified in advance to Shareholders (the “Dealing Day”). |
| 12.3 | **Dealing deadline for subscriptions** | 5.00 p.m. (Irish time) one business day before the first business day of each month. |
| 12.4 | **Dealing day for redemptions** | The first business day of each month or such other day or days as may be determined by the AIFM and notified in advance to Shareholders, provided that there is at least one Dealing Day per quarter. |
| 12.5 | **Dealing deadline for redemptions** | 5.00 p.m. (Irish time) 30 days before the relevant Dealing. |
| 12.6 | **Compulsory redemptions** | The AIFM also has the power under the Articles of the AIF in its absolute discretion to compulsorily redeem at any time Shares of any Shareholder (a) that, as a result of a redemption of any part of the Shareholder’s holding, have a value of less than the Minimum Subscription or the equivalent thereof in the Base Currency of the Fund; or (b) who holds Shares directly or beneficially in breach of any law or<br>requirement of any country governmental or regulatory authority; or (c) whose existence as a Shareholder causes or threatens to cause the Fund to incur any liability to taxation or to suffer any regulatory, pecuniary, legal or material administrative disadvantage in any jurisdiction which it would otherwise not have expected to incur or suffer; or (d) if the Shareholder ceases to be a Qualifying Investor. |

## 13. Professional Liability Risk

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| | | Professional liability risk is covered by the AIFM with a policy from Liberty Mutual.<br>Notice period: 60 days<br>Excess: $50,000 for a U.S. claim, £50,000 for a non-U.S. claim<br>Individual claim amount: £10,000,000<br>Aggregate claim amount: £10,000,000 |