

AIFMD DISCLOSURE DOCUMENT

Information disclosure for the purposes of Article 23 AIFMD by and in respect of

LMS Capital Plc

(the "**Fund**")

(a Limited Company incorporated in England and Wales under registered number 05746555)

September 2018

DEFINITIONS AND INTERPRETATION

This section of the Document sets out the meaning of certain defined terms used in the Document and makes provisions regarding the interpretation of certain references in the Document.

1. Definitions

In this Document, the following capitalized terms shall have the following meanings:

- (A) “AIF” means an alternative investment fund (or AIF) for the purposes of and as defined in AIFMD.
- (B) “AIFM” means an alternative investment fund manager (or AIFM) for the purposes of and as defined in AIFMD.
- (C) “AIFMD” means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers.
- (D) “Circular” means the Circular for the Proposed change to the investment policy of the Company and Return of up to £6,000,000 to Shareholders which may be found at <http://privateassets.greshamhouse.com/wp-content/uploads/sites/3/2017/10/12.-Circular-27-July-2016.pdf>
- (E) “Document” means this AIFMD Disclosure Document.
- (F) “EEA” means the European Economic Area.
- (G) “EU” means the European Union.
- (H) “EU AIF” means either: (i) an AIF which is authorized or registered in a EEA member state under applicable national law; or (ii) an AIF which is not authorized or registered in an EEA member state, but has its registered office and/or head office in an EEA member state.
- (I) “EU AIFM” means an AIFM which has its registered office in an EEA member state.
- (J) “Fund” means LMS Capital Plc.
- (K) “Non-EU AIF” means an AIF which is not an EU AIF.
- (L) “Non-EU AIFM” means an AIFM which is not an EU AIFM.

Certain other terms are defined in the Document.

2. Interpretation

References to statutory provisions, regulations, notices or AIFMD shall include those provisions, regulations, notices or AIFMD as amended, extended, consolidated, substituted, re-issued or re-enacted from time to time.

Unless the context otherwise requires and except as varied or otherwise specified in this Document, words and expressions contained in this Document shall bear the same meaning as in the Circular provided that, if there is any conflict between words defined in this Document and the Circular, this Document shall prevail.

GENERAL

This section of the Document sets out introductory information about AIFMD and the purpose of this Document in relation to AIFMD.

1. **AIFMD**

AIFMD is a European Union directive which regulates (amongst other things) the management and marketing of an AIF by an AIFM within the EEA.

AIFMD distinguishes between (i) EU AIFs and Non-EU AIFs, and (ii) EU AIFMs and Non-EU AIFMs. In particular, different regulatory obligations apply under AIFMD depending on whether the AIFM and the AIF are EU or Non-EU.

The Fund is an EU AIF, whose AIFM, Gresham House Asset Management Limited, is a UK registered limited liability company authorised and regulated by the FCA as a full-scope EU AIFM.

2. **Purpose of this Document**

This Document, when read together with the Circular for the Fund, is intended to satisfy the Article 23 Disclosure requirements in respect of the Fund.

As such, the AIFM will make this Document available to each prospective investor, in each EEA member state where the Fund is marketed before that investor invests in the Fund.

3. **Status of the Information Memorandum**

This Document cross-refers to, and must at all times be read in conjunction with, the Circular.

In the event of a conflict between the information contained in this Document and the information in the Circular (and unless otherwise noted in this Document) the information set out in this Document shall (for the purposes of Article 23 Disclosure only) prevail.

4. **Material Changes**

The AIFM shall inform investors of any material changes to the information contained in this Document in accordance with AIFMD. The latest version of this Document is available for inspection on Gresham House's website at <http://privateassets.greshamhouse.com/products/lms-capital-plc/#key-documents>

Existing investors in the Fund who make further investments in the Fund should ensure that they obtain and review the latest version of this Document prior to making such further investments.

5. **Further Information**

Further information is available from Gresham House at:
<http://privateassets.greshamhouse.com/products/lms-capital-plc/>

DISCLOSURES

This section of the Document sets out the Fund's Article 23 Disclosure and cross-refers to provisions of the Circular of the Fund, and/or documents/information referenced such as the annual and interim financial statements and information provided on the Gresham House's website which also provide Article 23 Disclosure.

Regulatory Reference		Disclosure Text	Document name	Page # and Reference
AIFMD (Art. 23)	FUND 3.2.2R			
(1a)	(1a)	a description of the investment strategy and objectives of the AIF;	Circular	Pg 14; Part 2
(1a)	(1b)	if the AIF is a feeder AIF, information on where the master AIF is established;	N/A	N/A
(1a)	(1c)	if the AIF is a fund of funds, information on where the underlying funds are established;	N/A	N/A
(1a)	(1d)	a description of the types of assets in which the AIF may invest;	Circular	Pg 14; Part 2
(1a)	(1e)	the investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and all associated risks;	Circular	Pg 14; Part 2
(1a)	(1f)	any applicable investment restrictions;	Circular	Pg 14; Part 2
(1a)	(1g)	the circumstances in which the AIF may use leverage;	Circular	Pg 15; paragraph ' Gearing '
(1a)	(1h)	the types and sources of leverage permitted and the associated risks;	Circular	Pg 15; paragraph ' Gearing '
(1a)	(1i)	any restrictions on the use of leverage and any collateral and asset reuse arrangements; and	Circular	Pg 15; paragraph ' Gearing '
(1a)	(1j)	the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;	Circular	Pg 15; paragraph ' Gearing Although the restrictions set forth in the Circular will be complied

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				with, the maximum level of leverage to be employed by the Fund will be a) 200% (expressed as percentage and calculated in accordance with the gross method as set out in Article 7 of the Level 2 Regulations); and b) 200% (expressed as percentage and calculated in accordance with the commitment method as set out in Article 7 of the Level 2 Regulations).
(1b)	(2)	a description of the procedures by which the AIF may change its investment strategy or investment policy, or both;	N/A	The Company requires approval from both the FCA and Shareholders for any material change to its investment policy
(1c)	(3)	a description of the main legal implications of the contractual relationship entered into for the purpose of investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established;	Circular	Pg 42 (Part 8)
(1d)	(4)	the identity of the AIFM, the AIF's depositary, the auditor and any other service providers and a description of their duties and the investors' rights;	N/A	The AIFM is Gresham House Asset Management Limited with responsibility for portfolio management and risk management of the Fund's investments. The AIF's Depositary is INDOS Financial Limited ("IFL"). IFL carries on the AIFMD depositary functions of cash monitoring (described in article 21(7) of the AIFMD), safekeeping of financial instruments (described in Article 21(8)(a) of the AIFMD), safekeeping of assets that are not financial instruments (described in Article 21(8)(b) of the AIFMD) and oversight (described in article 21(9) of the AIFMD). The auditor is BDO LLP. The auditor is responsible for auditing the financial statements that have been prepared by the Administrator in accordance with the accounting standards, and as per prevailing regulations, and for providing reports to the

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AIFMD (Art. 23)	FUND 3.2.2R			
				shareholders in the annual report along with financial statements. In addition, applicable law and regulations may require other reports to be prepared for the Fund and, as the appointed auditor of the Fund, will undertake such work under the auditor engagement letter between the Fund and the auditor. Augentius (UK) Limited is the Administrator to the Fund.
(1e)	(5)	a description of how the AIFM complies with the requirements (professional negligence) relating to professional liability risk;		To cover potential professional liability risks resulting from the activities of the AIFM pursuant to the AIFMD, the AIFM has additional own funds which are appropriate to cover potential liability risks arising from professional negligence in accordance with the applicable rules of the Financial Conduct Authority.
(1f)	(6)	a description of:		
(1f)	(6a)	any AIFM management function delegated by the AIFM;	N/A	No AIFM investment management functions have been delegated by the AIFM.
(1f)	(6b)	any safe-keeping function delegated by the depositary;	N/A	IFL delegates the safe-keeping function for financial instruments to a sub-custodian. IFL has agreed to discharge to the sub-custodian various liabilities in respect of assets held at the sub-custodian.
(1f)	(6c)	the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and	N/A	N/A
(1f)	(6d)	any conflicts of interest that may arise from such delegations;	N/A	N/A
(1g)	(7)	a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing any hard-to-value assets, in line with FUND 3.9 (Valuation);	N/A	All investments are designated at fair value through the profit and loss and carried in the Statement of Financial Position at fair value. Fair values are determined in accordance with the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines. These guidelines require the valuer to make judgments as to the most appropriate valuation method to be used and the results of the valuations.

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AIFMD (Art. 23)	FUND 3.2.2R			
				<p>Each investment is reviewed individually with regard to the stage, nature and circumstances of the investment and the most appropriate valuation method selected. The valuation results are then reviewed and any amendment to the carrying value of investments is made as considered appropriate. Where the value of an investment is considered to be impaired, it is written down to its expected recoverable amount as part of the determination of its fair value.</p> <p>Quoted investments for which an active market exists are valued at the closing bid price at the reporting date.</p> <p>Unquoted direct investments for which there is no ready market are valued using the most appropriate valuation technique with regard to the stage and nature of the investment in accordance with IPEV guidelines.</p> <p>Investments in managed funds are valued at fair value. The general partners of the funds will provide periodic valuations on a fair value basis which the Company will adopt, provided it is satisfied that the valuation methods used by the funds are not materially different from the Company's valuation methods.</p> <p>The Investment Manager carries out the valuation in conjunction with the Administrator. The initial valuation is first reviewed and considered by the Investment Committee after which it is presented to the Board of the Fund for further consideration and approval. Once approved, an RNS is issued confirming the fund valuation.</p> <p>The valuation process is reviewed annually by the auditors as part of their independent annual audit.</p>
(1h)	(8)	a description of the AIF's liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors;	N/A. Publicly listed fund	N/A

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AIFMD (Art. 23)	FUND 3.2.2R			
(1i)	(9)	a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;	Circular	Pg 19-20 (Part Four) The fees set out below are exclusive of value added or similar tax, which is payable in addition thereto where applicable. The expenses and fees which will be borne by the Fund and their investors are limited as set out above, but there is no formal cap on the level of those expenses.
(1j)	(10)	a description of how the AIFM ensures a fair treatment of investors;	N/A	The Investment Manager will treat all of the Fund's investors fairly and does not grant preferential treatment to any investors.
(1j)	(11)	whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:		
(1j)	(11a)	that preferential treatment;	N/A	N/A
(1j)	(11b)	the type of investors who obtain such preferential treatment; and	N/A	N/A
(1j)	(11c)	where relevant, their legal or economic links with the AIF or AIFM;	N/A	N/A
(1k)	(14)	the latest annual report, in line with FUND 3.3 (Annual report of an AIF);	Website	The latest annual report of the Fund will be made available on its website at - http://privateassets.greshamhouse.com/wp-content/uploads/sites/3/2018/03/LMS-Capital-Report-Accounts-December-2017.pdf
1(l)	(12)	the procedure and conditions for the issue and sale of units or shares;	N/A	N/A
(1m)	(13)	the latest net asset value of the AIF or the latest market price of the unit or share of the AIF, in line with FUND 3.9 (Valuation);	Website	The latest NAV of the Fund will be made available on its website at- http://otp.investis.com/clients/uk/lms_capital/rms/regulatory-story.aspx?cid=1628&newsid=1003709
(1n)	(15)	where available, the historical performance of the	N/A	N/A

Regulatory Reference		Disclosure Text	Document name	Page # and Reference
AIFMD (Art. 23)	FUND 3.2.2R			
		AIF;		
(1o)	(16a)	the identity of the prime brokerage firm;	N/A	N/A
(1o)	(16b)	a description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed;	N/A	N/A
(1o)	(16c)	the provision in the contract with the depository on the possibility of transfer and reuse of AIF assets; and	N/A	N/A
(1o)	(16d)	information about any transfer of liability to the prime brokerage firm that may exist; and	N/A	N/A
(1p)	(17)	a description of how and when the information required under FUND 3.2.5R and FUND 3.2.6R will be disclosed.	Annual Reports	Periodic information on liquidity risk management and leverage will be made in the annual reports.