**Literacy Capital plc (the "Company")**

**Investment Objective and Policy**

The Company's investment objective is to achieve long term capital growth through investment in a diversified portfolio of unquoted companies whose operations are predominantly managed in the UK.

The Company's investment policy is to invest in a diversified portfolio of unquoted companies whose operations are predominantly managed in the UK.

Investments will be primarily in equity and equity-related instruments (although the Company may invest in a range of financial instruments including, without limitation, preference shares, loan notes and other debt instruments) issued by investee companies. The Company may only hold debt instruments issued by an investee company where the Company also has equity or equity-related interests in that investee company. Consistent with the equity and equity-related securities, debt instruments are held for capital appreciation.

The Company will also be permitted to invest in partnerships, limited liability partnerships and other legal forms of entity where the investment has equity-like return characteristics.

For the purposes of this investment policy, unquoted companies shall include companies with a technical listing on a stock exchange, but where there is no liquid trading market in the relevant securities on that market (for example, companies with listings on The International Stock Exchange and the Cayman Stock Exchange). Further, the Company shall be permitted to invest in unquoted subsidiaries of companies whose parent or group entities have listed equity or debt securities.

The Company will only invest in publicly quoted companies in circumstances where it has already made an initial investment prior to the investee company's initial public offering, save that the Company may invest up to 10 per cent. of Gross Assets at the time an investment is made in other closed-ended investment funds which are listed on the Official List.

While the Company does not intend to focus its investments on a particular sector, there is no limit on the Company's ability to make investments in investee companies within the same sector if it chooses to do so, subject to the Company investing and managing its assets with the objective of spreading investment risk.

The Company will seek to ensure that it has suitable and appropriate investor protection rights through its investment in investee companies.

The Company may acquire investments directly or by way of holdings in SPVs, intermediate holding vehicles or other fund or similar structures.

The Company may also make charitable donations of up to a maximum of 0.5 per cent. of NAV (adjusted for charitable donations and management fees) on an annual basis, as determined by the Board from time to time.

*Cash management*

The Company may hold cash on deposit and there is no restriction on the amount of cash that the Company may hold or where it is held. Cash will be held with approved counterparties and in line with prudent cash management guidelines agreed between the Board and the Investment Manager. The Company will hold sufficient cash for the purpose of making follow-on investments in accordance with the Company's investment policy and to manage the working capital requirements of the Company.

**Borrowing Policy**

The Company may incur indebtedness of up to a maximum of 20 per cent. of its NAV, calculated at the time of drawdown, for investment and for its working capital purposes.

Where the Company invests in portfolio companies indirectly (whether through SPVs as holding entities, funds or otherwise), notwithstanding the previous paragraph, indebtedness in such holding entity will not be included in the calculation of indebtedness of the Company provided that the provider of such debt only has recourse to the assets of the holding entity and does not have recourse to the other assets of the Company or other investments made by the Company.

**Investment restrictions**

The Company will invest and manage its assets with the objective of spreading risk.

The aggregate value of the Company's holding in any single investment (including related investments in group entities of the same investee company) will represent no more than 20 per cent. of Gross Assets, calculated at the time of investment. The Company will not be required to dispose of any investment or rebalance its portfolio as a result of a change in the respective value of any of its investments.

The Company will also comply with the investment restrictions set out below and will continue to do so for so long as they remain requirements of the FCA for closed-ended investment funds subject to the UK Listing Rules:

- neither the Company nor any of its subsidiaries will conduct any trading activity which is significant in the context of the group as a whole; and
- the Company will, at all times, invest and manage its assets in a way which is consistent with its objective of spreading investment risk and in accordance with the published investment policy.

**Changes to the investment policy**

Any material change to the investment policy of the Company will be made only with the approval of Shareholders.

In the event of any breach of the investment policy, the Investment Manager shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service, together with details of the remedial actions to be taken by the Company.