
Article 23/FUND 3.2.2R Disclosures

Introduction

This document is issued by Phoenix Asset Management Partners Limited (“PAMP” or the “AIFM”) solely in order to make certain information available to investors in Aurora Investment Trust Plc (“Aurora” or the “AIF”) before they invest, in accordance with the requirements of the FCA Rules implementing the AIFM Directive in the United Kingdom.

Information disclosed in this document is applicable solely to Aurora and to its single class of ordinary 25p shares. It should not be relied on as the basis for any investment decision. Potential investors in Aurora’s shares should consult their stockbroker or other professional adviser before investing.

Regulatory reference	Disclosure required	Disclosure or location of document
AIFMD article 23	FUND 3.2.2R	
(1a)	(1a)	<i>a description of the investment strategy and objectives of the AIF;</i>
		It is PAMP’s intention to take over the management of Aurora with effect from 1 January 2016 and the investment policy and strategy of Aurora will reflect the investment style adopted by PAMP in its management of the Phoenix UK Fund.
		The objective will be to provide shareholders with long term returns through capital and income growth by investing in a portfolio of UK listed equities.
		The portfolio will be relatively concentrated and the exact number
(1a)	(1b)	<i>If the AIF is a feeder AIF, information on where the master AIF is established;</i>
		Not applicable
(1a)	(1c)	<i>If the AIF is a fund of funds, information on where the underlying funds are established;</i>
		Not applicable
(1a)	(1d)	<i>a description of the types of assets in which the AIF may invest;</i>
		The objective will be to provide shareholders with long term returns through capital and income growth by investing in a concentrated portfolio of UK listed equities.



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AIFMD article 23	FUND 3.2.2R	<p>Aurora may also use derivatives and similar instruments for the purpose of capital preservation. The use of these does not form part of Aurora's core strategy but the permissions are there in case of a situation where it would make better sense to use an alternative to the buying or selling of equities.</p> <p>Historically, PAMP has only used a derivative on one occasion in its management of the Phoenix UK Fund. A put option was bought in 2009 to hedge against the consequences of the breaking swine-flu epidemic becoming a deadly epidemic.</p>
(1a)	(1e) <i>the investment techniques that the AIF, or the AIFM on behalf of the AIF, may employ and associated risks;</i>	<p>PAMP have developed a distinctive investment approach. The key elements are as follows.</p> <ul style="list-style-type: none"> • PAMP identifies a particular type of business and management team using a highly detailed due diligence system that has been developed by the investment team, called DREAM. • Once a suitable business has been identified PAMP waits and only invests at a price that offers minimal chance of permanent capital loss and a strong chance of excellent long term returns. • The investment team operate detailed monitoring programmes on all holdings. These programmes include mystery shopping and talking to competitors, suppliers, employees and other stakeholders. • PAMP weights the portfolio to reflect the risk, opportunity and transparency of an investment. • PAMP uses the findings of behavioural psychology to improve the judgement and decision making process. • The investment team have an ongoing commitment to continuous improvement that uses past mistakes to improve future results. <p>This investment approach results in a low turnover, concentrated portfolio which has historically delivered outstanding long term returns.</p>
(1a)	(1f) <i>any applicable investment restrictions;</i>	<p>Aurora's policy is not to invest more than 15% of its gross assets in any one investment. Aurora may from time to time invest in other UK listed investment companies, but will not invest more than 10% in aggregate of its total assets in other listed closed-ended investment funds other than closed-ended investment funds which themselves have published investment policies to invest no more than 15% of their total assets in other listed closed-ended funds. Aurora will not invest in any other fund managed by PAMP.</p>
(1a)	(1g) <i>the circumstances in which the AIF may use leverage;</i>	<p>Although permissible, the investment strategy will not utilise leverage.</p>
(1a)	(1h) <i>the types and sources of leverage permitted and the associated risks;</i>	<p>See above.</p>
(1a)	(1i) <i>any restrictions on the use of leverage and any collateral and asset reuse arrangements; and</i>	<p>See above.</p>



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AIFMD article 23	FUND 3.2.2R	
(1a)	(1j)	<p><i>the maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF;</i></p> <p>If the Board did decide to utilise gearing the aggregate borrowings of Aurora would be restricted to 30% of the aggregate of the paid up nominal capital plus the capital and revenue reserves.</p>
(1b)	(2)	<p><i>a description of the procedures by which the AIF may change its investment strategy or investment policy, or both;</i></p> <p>As an investment trust whose shares are admitted to the Official List of the UK Listing Authority under Chapter 15 of the Listing Rules, Aurora is required to obtain the prior approval of the shareholders for any material change to its published investment policy. Accordingly, Aurora will not make any material change to its published investment policy without the approval of its shareholders by ordinary resolution and will announce any such change through the regulatory news service of the London Stock Exchange. Aurora's published investment policy is set out in the "investment strategy and objectives" section above. Any change in investment strategy or investment policy which does not amount to a material change may be made by the Board without obtaining shareholder approval.</p>
(1c)	(3)	<p><i>a description of the main legal implications of the contractual relationship entered into for the purposes of the investment, including information on jurisdiction, the applicable law and the existence or absence of any legal instruments providing for the recognition and enforcement of judgements in the territory where the AIF is established;</i></p> <p>There is no contractual relationship between Aurora shareholders who acquire their shares in the secondary market and Aurora. While investors acquire an interest in the company on subscribing for or purchasing shares, Aurora is the sole legal and/or beneficial owner of its investments. Consequently shareholders have no direct legal or beneficial interest in those investments. The liability of shareholders for the debts and other obligations of Aurora is limited to the amount unpaid, if any, on the shares held by them.</p> <p>Aurora is a company limited by shares, incorporated in England and Wales. The law which is applicable and the ability to recognise and enforce judgements in the jurisdiction of the AIF's domicile is not in doubt and further disclosure to that effect is not considered necessary.</p>



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AIFMD article 23	FUND 3.2.2R	
(1d)	(4)	<p><i>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;</i></p> <p>Investment Manager Phoenix Asset Management Partners Limited, 64-66 Glentham Road, London, SW13 9JJ</p> <p>Depositary and Custodian BNP Paribas Securities Services, 55 Moorgate, London, EC2R 6PA</p> <p>Auditor Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU</p> <p>Registrar Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0LA</p> <p>Secretary and Administrator Cavendish Administration Limited, 145-157 St John Street, London, EC1V 4RU</p> <p>Investors' Rights Aurora is reliant on the performance of third party service providers, including the investment manager, the depositary, the auditors, the registrar and the secretary/administrator. Each Shareholder's contractual relationship in respect of its investment in shares is with Aurora only. Accordingly, no shareholder will have any contractual claim against any service provider with respect to such service provider's default.</p>
(1e)	(5)	<p><i>a description of how the AIFM complies with the requirements (professional negligence) relating to professional liability risk;</i></p> <p>PAMP maintains professional indemnity insurance to cover each and every professional liability which may arise under the Investment Management Agreement. The excess is covered by PAMP maintaining sufficient own funds for this purpose, as well as other regulatory requirements. If professional indemnity insurance is not available, PAMP will maintain own funds at a level adequate for its risk profile.</p>
(1f)	(6)	<i>a description of:</i>
(1f)	(6a)	<p><i>any AIFM management function delegated by the AIFM;</i></p> <p>No functions have been delegated</p>
(1f)	(6b)	<p><i>any safe-keeping function delegated by the depositary;</i></p> <p>N/A</p>
(1f)	(6c)	<p><i>the identity of each delegate appointed in accordance with FUND 3.10 (Delegation); and</i></p> <p>N/A</p>
(1f)	(6d)	<p><i>any conflicts of interest that may arise from such delegation;</i></p> <p>N/A</p>



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AIFMD article 23	FUND 3.2.2R	
(1g)	(7)	<p><i>a description of the AIF's valuation procedure and of the pricing methodology for valuing assets, including the methods used in valuing and hard-to-value assets, in line with FUND 3.9 (Valuation);</i></p> <p>Aurora is straightforward to price as all securities are listed. PAMP uses Bloomberg to obtain valuation prices.</p> <p>The NAV is determined by the independent administrator.</p>
(1h)	(8)	<p><i>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;</i></p> <p>Aurora is a closed-ended fund, so there are no redemption rights of investors, as referred to in FUND 3.2.2R (8) and the impact of redemptions is not therefore a factor in the AIF's management of liquidity. Shareholders are entitled to participate in the assets of Aurora attributable to their shares in a winding-up of Aurora or other return of capital, but they have no rights of redemption.</p> <p>PAMP undertakes liquidity management procedures in relation to Aurora which are intended to ensure that Aurora's investment portfolio maintains a level of liquidity which is appropriate to its obligations. The liquidity management policy is reviewed and updated, as required, on at least an annual basis.</p>
(1i)	(9)	<p><i>a description of all fees, charges and expenses, and the maximum amounts directly or indirectly borne by investors;</i></p> <p>Fees and expenses for the year ended 28 February 2015 can be found in the Aurora Investment Trust plc Report & Accounts for 2015.</p> <p>Under the terms of the proposed new AIFM Agreement PAMP will not earn an ongoing annual management fee but will be paid an annual performance fee. The performance fee will be equal to one third of the outperformance of Aurora's net asset value total return (including dividends and adjusted for the impact of share buy backs and the issue of Shares) over the FTSE All-Share Total Return for each financial year. Aurora's net asset value return will be based on the weighted number, and NAV, of Shares in issue over the relevant period.</p> <p>The total annual performance fee will be capped at 4% per annum of the Net Asset Value of Aurora at the end of the relevant financial year in the event that the NAV per Share has increased in absolute terms over the period and 2% in the event that the NAV per Share has decreased in absolute terms over the period. Any outperformance that exceeds these caps will be carried forward and only paid if the Aurora outperforms, and the annual cap is not exceeded, for that year.</p> <p>The performance fee will be subject to a high water mark so that no performance fee will be payable in any year until all underperformance of the Company's Net Asset Value since the last performance fee was payable has been made up. The performance fee will also be subject to a clawback if over a rolling three year period Aurora underperforms.</p> <p>The performance fee will be paid to PAMP in Shares (issued at the NAV per Share on the date of issue) and such Shares must be retained by PAMP for a minimum period of three years from the date of issue. It is intended that the performance fee will be charged to the capital reserves of Aurora.</p>



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AIFMD article 23	FUND 3.2.2R	
(1j)	(10)	<i>a description of how the AIF ensures a fair treatment of investors;</i>
		Aurora is listed on the London Stock Exchange and has no direct relationship with its investors. It is by following the rules of that exchange (and of other bodies, such as the Takeover Panel) that Aurora ensures fair treatment of investors. No investor has a right to obtain preferential treatment in relation to their investment in Aurora and Aurora does not give preferential treatment to any investors.
(1j)	(11)	<i>whenever an investor obtains preferential treatment or the right to obtain preferential treatment, a description of:</i>
		N/A
(1j)	(11a)	<i>that preferential treatment;</i>
		N/A
(1j)	(11b)	<i>the type of investors who obtain such preferential treatment; and</i>
		N/A
(1j)	(11c)	<i>where relevant, their legal or economic links with the AIF or AIFM;</i>
		N/A
(1k)	(14)	<i>the latest annual report, in line with FUND 3.3 (Annual report of an AIF):</i>
		The latest Report and Accounts are available on Aurora's website www.aurorainvestmenttrust.com
(1l)	(12)	<i>the procedure and conditions for the issue and sale of units or shares;</i>
		Aurora's shares are listed and traded on the London Stock Exchange. Investors who wish to buy or sell shares in Aurora should refer to their broker or other financial adviser.
(1m)	(13)	<i>the latest net asset value of the AIF or the latest market value of the unit or share of the AIF, in line with FUND 3.9 (Valuation);</i>
		The NAV of Aurora will be calculated on a daily basis and announced to the market via the regulatory news service of the London Stock Exchange. It is currently calculated fortnightly.
(1n)	(15)	<i>where available, the historical performance of the AIF;</i>
		Performance data for Aurora will be published on Aurora's website www.aurorainvestmenttrust.com Investors should note that past performance is not necessarily indicative of future performance. Investors may not get back the amount invested.
(1o)	(16a)	<i>the identity of the prime brokerage firm;</i>
		N/A



Regulatory reference	Disclosure required	Disclosure or location of document
AIFMD article 23	FUND 3.2.2R	
(1o)	(16b)	<i>a description of any material arrangements of the AIF with its prime brokerage firm and the way any conflicts of interest are managed;</i>
(1o)	(16c)	<i>the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets; and</i>
(1o)	(16d)	<i>Information about any transfer of liability to the prime brokerage firm that may exist; and</i>
(1p)	(17)	<p><i>a description of how and when the information required under FUND 3.2.5R and FUND 3.2.6R will be disclosed.</i></p> <p>The Annual Report & Accounts will disclose:</p> <ol style="list-style-type: none"> 1. the percentage, if any, of Aurora's assets which are subject to special arrangements due to their illiquid nature; 2. any new arrangements for managing the liquidity of Aurora; 3. the current risk profile of Aurora and the risk management systems employed by the Investment Manager to manage those risks. <p>Information will also be provided to investors regarding any changes to:</p> <ol style="list-style-type: none"> 1. the maximum level of leverage that PAMP may employ on behalf of Aurora; 2. any right of reuse of collateral or any guarantee granted under the leveraging arrangement; and 3. the total amount of leverage employed by Aurora. <p>To meet the requirements of FUND 3.2.6R, this information will be provided to investors by way of an update to this document or in such other manner Aurora or PAMP deem appropriate.</p>

