

INVESTOR DISCLOSURE DOCUMENT

November 2016

REGULATORY STATUS OF THE COMPANY AND ITS ALTERNATIVE INVESTMENT FUND MANAGER (“AIFM”)

International Biotechnology Trust PLC is an “alternative investment fund” (“AIF”) for the purposes of the AIFM Directive and the Company has appointed SV Health Managers LLP (“SV”), to act as its AIFM. SV is authorised and regulated by the FCA as a “full scope UK AIFM” for the purposes of the AIFM Directive.

The Company is an investment trust and is incorporated as a public limited company in England and Wales. The Company’s shares are listed on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the main market of the London Stock Exchange. The Company is subject to its articles of association, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the UK Corporate Governance Code and the Companies Act 2006, in addition to the AIFM Directive.

The provisions of the Company’s articles of association are binding on the Company and its Shareholders. The articles of association set out the respective rights and restrictions attaching to the Company’s shares. These rights and restrictions apply equally to all Shareholders. All Shareholders are entitled to the benefit of and are bound by and are deemed to have notice of, the Company’s articles of association. The Company’s articles of association are governed by English law.

LIMITED PURPOSE OF THIS DOCUMENT

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to prospective investors and, to the fullest extent permitted under applicable law and regulations, the Company and its AIFM, SV and their directors will not be responsible to persons for their use of this document.

This document contains solely that information that is required be made available to investors pursuant to AIFM Directive as implemented in the United Kingdom and should not be relied upon for any investment decision.

In particular, this document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares.

The Company is a company limited by shares, incorporated in England and Wales. While investors acquire an interest in the Company on subscribing for or purchasing shares, the Company 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 the Company is limited to the amount unpaid, if any, on the shares held by them.

Shareholders’ rights in respect of their investment in the Company are governed by the Company’s articles of association and the Companies Act 2006. Under English law, the following types of claim may in certain circumstances be brought against a company by its shareholders:

- contractual claims under its articles of association;

- claims in misrepresentation in respect of statements made in its prospectus and other marketing documents;
- unfair prejudice claims; and
- derivative actions.

In the event that a shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such shareholder should consult its own legal advisers.

The courts of England and Wales will ordinarily have jurisdiction over any claims against the Company under Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the “Recast Brussels Regulation”) on the basis that the Company is domiciled in England and Wales. In some circumstances, the courts of other EU member states may have jurisdiction in addition to, or in place of, the English courts in respect of claims against the Company. Other courts may also take jurisdiction depending on their own conflicts of laws rules.

By subscribing for shares, investors agree to be bound by the articles of association which are governed by, and construed in accordance with, the laws of England and Wales.

Where a matter comes before the courts of an EU member state (other than Denmark), the parties’ choice of law to govern their contractual obligations is generally subject to the provisions of Regulation (EC) 593/2008 (“Rome I”). Under Rome I, the court may not give effect to a choice of law applicable to a contract in certain circumstances, including: (i) where there are mandatory rules of the member state’s own law which are applicable regardless of the law chosen by the parties; (ii) where the application of the parties’ choice of law is incompatible with the public policy of the member state; and (iii) where it is bound in relation to particular proceedings, types of contract or issues to apply the law of a different jurisdiction. Further, where all elements relevant to the situation at the time of choice are connected with or located in a country other than the country whose law has been chosen, the court may apply the rules of law of that country which may not be derogated from by contract. Where a foreign court applies English law, evidence as to the content of English law will usually need to be adduced by the parties.

Rome I does not apply to certain matters, including questions governed by the law of companies (such as creation, legal capacity, internal organisation, insolvency and personal liability of officers and members for the obligations of the Company) and the power of an agent to bind a principal or an organ of a Company to bind the Company to a third party. Where such questions are before the English court, it will apply common law rules to determine the applicable law.

With regard to any non-contractual obligations, EU member state courts (other than Denmark) will generally apply the provisions of Regulation 2007/864 (“Rome II”) to determine the applicable law. The parties are able to choose the law applicable to non-contractual obligations subject to certain restrictions. Absent a choice, the general rule under Rome II is that the law applicable to non-contractual obligations is the law of the country in which the damage occurs or is likely to occur. Rome II does not apply to certain matters, including questions arising out of the law of companies (such as creation, legal capacity, internal organisation, insolvency, personal liability of officers and members for the obligations of the Company and personal liability of auditors to a Company or to its members in the statutory audits of accounting documents). Where such questions are before the English court, it will apply common law rules to determine the applicable law. Where a foreign court applies English law, evidence as to the content of English law will usually need to be adduced by the parties.

Where a matter comes before a non-EU court, it will apply its own conflict of laws rules to determine the law applicable to contractual or non-contractual obligations.

A judgment properly obtained in a court of competent jurisdiction may be given effect in England and Wales by virtue of statute, European Regulation or common law, depending on the nature and jurisdiction of the original judgment and subject to applicable restrictions and procedural formalities.

No Advice

The Company and its AIFM, SV, and their Directors are not advising any person in relation to any investment or other transaction involving shares in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, the AIFM or any of their subsidiaries, affiliates, officers, Directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in its shares. Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor or other independent financial advisers.

Prospective investors must inform themselves as to:

1. the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares;
2. any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary Shares which they might encounter; and
3. the income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares.

Overseas Investors

The Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia, the Republic of South Africa, Japan or any other jurisdiction.

The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

INVESTOR RIGHTS

The Company is reliant on the performance of third-party service providers, including the AIFM, the Depositary, the Auditor and the Registrar. Without prejudice to any potential right of action in tort that a shareholder may have to bring a claim against a service provider, each shareholder's contractual relationship in respect of its investment in shares is with the Company only. Accordingly, no shareholder will have any contractual claim against any service provider with respect to such service provider's default. In the event that a shareholder considers that it may have a claim against a third-party service provider in connection with such shareholder's investment in the Company, such shareholder should consult its own legal advisers.

The above is without prejudice to any right a shareholder may have to bring a claim against an FCA authorised service provider under:

1. section 138D of the Financial Services and Markets Act 2000 (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result); or

2. any tortious or contractual cause of action.

Shareholders who believe they may have a claim under:

1. section 138D of the Financial Services and Markets Act 2000; or
2. in tort or contract, against any service provider in connection with their investment in the Company, should consult their legal adviser.

Shareholders who are “eligible complainants” for the purposes of the FCA’s Dispute Resolution: Complaints Sourcebook may refer any complaints against the AIFM to the Financial Ombudsman Service (“FOS”) (further details of which are available at www.financial-ombudsman.org.uk). Additionally, shareholders may be eligible for compensation under the Financial Services Compensation Scheme (“FSCS”) if they have claims against an FCA authorised service provider (including the AIFM) which is in default. There are limits on the amount of compensation available. Further information about the FSCS is at www.fscs.org.uk. To determine eligibility in relation to either the FOS or the FSCS, shareholders should consult the respective websites above and speak to their legal advisers.

INVESTMENT OBJECTIVE AND POLICY

The Company’s investment objective is to achieve long-term capital growth by investing in biotechnology and other life sciences companies.

The Company will seek to achieve its objective by investing in a diversified portfolio of companies which may be quoted or unquoted and whose shares are considered to have good growth prospects, with experienced management and strong potential upside through the development and/or commercialisation of a product, device or enabling technology.

Investments may also be made in related sectors such as medical devices and healthcare services. While the Company’s portfolio is held as one pool of assets, for operational purposes there is a quoted portfolio and an unquoted portfolio. The portfolio is diversified by geography, industry sub-sector and investment size with no single investment in a company normally accounting for more than 15% of the portfolio at the time of investment.

The portfolio is split between large, mid and small-capitalisation companies, primarily quoted on stock exchanges in North America, where the most established and commercial biotech and other life sciences companies and companies operating in related sectors are based, though investments will also be made in Europe, Asia and Australia. Investments may also be made into unquoted companies and into funds not quoted on a stock exchange, including venture capital funds. This may include funds managed by the AIFM and/or members of its group. The primary purpose of investment in unquoted funds will be to gain exposure to unquoted companies. The Company may invest through equities, index-linked securities and debt securities, cash deposits, money market instruments and foreign currency exchange transactions. Forward or derivative transactions are not used by the Company.

The Company may borrow from time to time to exploit specific investment opportunities, rather than to apply long-term structural gearing to the Company’s portfolio of investments.

INVESTMENT RESTRICTIONS

The Company observes the following investment restrictions:

- the Company will invest primarily in biotechnology and other life science companies that are either quoted or unquoted.
- the Company will not invest more than 15% in aggregate, of the value of its gross assets in any one individual company at the time of acquisition.

- the great majority of the Company's assets will be invested in the quoted biotechnology sector with a global mandate across the entire spectrum of quoted companies. The weighting of investment in unquoted companies will vary according to the attractiveness of the opportunities identified.
- gearing is restricted to 30% of NAV.
- the Company will not invest more than 15% in aggregate, of the value of its gross assets in other closed-ended investment companies quoted on the London Stock Exchange or any other stock exchanges.

The Company conducts its affairs as an investment trust which also gives rise to certain restrictions, including complying with the Listing Rules and with Section 1158 Corporation Tax Act 2010 (CTA).

No material change will be made to the investment objective or policy without the approval of shareholders by ordinary resolution.

INVESTMENT APPROACH

The Company has delegated responsibility for day-to-day investment of its assets to SV. The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. The Board remains responsible for setting the investment strategy, investment policy and investment guidelines, and the AIFM operates within these guidelines. Consistent with the Company's investment policy SV makes the majority of its investments in biotechnology companies focused on drug discovery and development. Investments are also made in related sectors such as medical devices or healthcare services.

While the Company's portfolio is held as one pool of assets, for operational purposes there is a quoted portfolio and an unquoted portfolio. SV uses a bottom up approach focused on assessing the fundamentals of each investment. The universe of possible investments is assessed and reduced to take into account a number of key criteria such as disease area target and market, unmet medical need, management team, stock liquidity, market capitalisation, product portfolio and competition. The risk/reward of each investment is assessed on its own merits.

In accordance with the Listing Rules, the Company can only make a material change to its published investment policy with the approval of its Shareholders.

Any change in investment policy that does not amount to a material change to the Company's published investment policy may be made by the Company without Shareholder approval.

INVESTMENT STRATEGY

The AIFM provides portfolio management of assets and investment advice in relation to the assets of the Company. The Board remains responsible for setting the investment strategy, investment policy and investment guidelines and the AIFM operates within these guidelines.

LEVERAGE

The AIFM Directive prescribes two methods of measuring and expressing leverage (as opposed to gearing) and requires disclosure of the maximum amount of 'leverage' the Company might be subject to. The definition of leverage is wider than that of gearing and includes exposures that are not considered to contribute to gearing.

The Company uses leverage to increase its exposure primarily for short term investment opportunities. The AIFM in dialogue with the Board has set maximum levels of leverage.

The maximum leverage limits set by the Board are 30.0% for both the Gross Method and the Commitment Method of calculating leverage. There have been no changes to the maximum level of leverage that the Company may employ since the establishment of these limits under the AIFM Directive.

During the year to 31 August 2015, the uncommitted overdraft facility held by the Company was increased from £30.0m to £35.0m.

The Company will ensure that any change to the maximum level of leverage which the AIFM may employ on behalf of the Company as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement is published in the Company's annual report and audited accounts, which can be found on the Company's website: www.ibtplc.com. In addition, the Company will notify Shareholders of any such changes, rights or guarantees without undue delay by issuing an announcement via an RNS.

The risks associated with leverage are discussed in more detail in Note 24 of the 31 August 2016 Annual Report, which is available on the website. The Company has no collateral or re-use arrangements

ADMINISTRATION AND MANAGEMENT OF THE COMPANY FEES

The Investment Manager SV is entitled to a management fee payable monthly at the rate of 0.9% per annum of the Company's NAV (reduced from 1.15% per annum of the Company's NAV with effect from 1 March 2015).

In addition, SV is entitled to an annual performance fee calculated as follows:

The portfolio consists of two pools: quoted and unquoted.

The fee on the quoted pool is 10% of relative outperformance above the sterling-adjusted NASDAQ Biotechnology Index ('NBI') plus a 0.5% hurdle.

The fee on the unquoted pool is 20% of net realised gains, taking into account any unrealised losses but not unrealised gains.

The payment of the performance fee is subject to the following limits:

The maximum performance fee in any one year is 2% of average net assets

Any underperformance of the quoted portfolio against the NBI is carried forward for the current financial period plus two preceding periods

Performance fees in excess of the performance fee cap is carried forward for the current financial period plus two preceding periods and being offset against any subsequent underperformance before being paid out

Under normal circumstances the Investment Management Deed is terminable by either party on 12 months' written notice.

Following Shareholder approval of the amendments to the investment objective and policy at the Company's General Meeting on 29 September 2016, the Board agreed to make a commitment of \$30 million into SV Fund VI, which should enable the Company to achieve the benefits of diversification, access to a wider range of unquoted companies and increased liquidity. There will be no double charging of investment management fees in relation to this commitment. The performance fee is calculated as 20% of realised gains once all committed capital has been repaid.

The AIFM has disapplied the pay-out process rules with respect to it and any of its delegates, following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code. The AIFM considers that it is operating on a small scale and carries out non-complex activities.

THE DEPOSITARY

HSBC Bank plc

The services provided by HSBC Bank plc as depositary ("Depositary") for the Company include:

1. Safe-keeping of the assets of the Company that can be held in custody (including book entry securities);
2. Record-keeping of assets that cannot be held in custody, in which case the Depositary must verify their ownership;
3. Ensuring that the Company's cash flows are properly monitored, and in particular ensure that all payments made by or on behalf of investors upon the issue or buy-back of shares in the Company have been received and that all cash of the Company has been booked in cash accounts that the Depositary can monitor and reconcile;
4. Ensure that any issue or buy-back of the Company's shares are carried out in accordance with English law and the Articles of Association;
5. Ensure that the value of the shares in the Company is calculated in accordance with English law, the Articles of Association and the valuation procedures;
6. Carry out the instructions of the AIFM and the Board of the Company, unless they conflict with English law;
7. Ensure that in transactions involving a Company's assets any consideration is remitted to the Company within the usual time limits; and
8. Ensure that the Company's income is applied in accordance with English law and the Articles of Association.

In relation to the duties of the Depositary regarding custody and safe-keeping of assets, in respect of financial instruments which can be held in custody, (except to the extent that the Depositary has contractually transferred liability to a delegate in accordance with AIFMD) the Depositary is liable to the Company for any loss of such financial instruments held by the Depositary or any delegate.

In relation to all the other duties of the Depositary listed above, the Depositary is liable to the Company for all other losses suffered by it as a result of negligent or intentional failure to properly fulfil such obligations.

The Depositary may not use or re-use the Company's securities or other investments without the prior consent of the Company.

The custody of the Company's assets is managed by HSBC Bank plc.

Liability of the Depositary

Depositary liability for loss of financial instruments

Where a financial instrument held in custody has been lost, the Depositary shall be liable to return a financial instrument of identical type to the Company or cash of a corresponding amount to the AIFM on behalf of the Company, without undue delay, unless:

- The Depositary can prove that the loss arose as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary, or
- The Depositary has discharged its liability as provided for under the AIFM Directive.

Depository liability for Other Losses

The Depository shall be liable to the Company for other losses suffered by it as a result of the Depository's negligence or willful default to properly fulfil its obligations.

Exclusion of Depository's liability

The Depository shall not be liable for:

- Any settlement system, third party bank, investment exchange, broker or other third party which is not a delegate or, where the Company invests in underlying structures, any transfer agent or other third party appointed by that underlying structure;
- Anything done or omitted to be done in respect of assets which are other assets;
- The Depository acting on authorised instructions;
- Any identified custody risk notified to the Company or the AIFM;
- Any reliance on information received from any third party;
- Any failure by the Fund or the AIFM to give any, or appropriate instructions or to comply with the depository agreement or applicable law;
- Any failure by the Fund or the AIFM to provide any information;
- Any occurrence of:
 - An insolvency event in respect of any delegate, settlement system or any other third party;
 - Any act, event or circumstance not reasonably within the Depository's control, or resulting from the general risks of investment in or the holding of assets, including any nationalisation, expropriation, sanction, exchange control or other governmental action; change in any applicable law; currency restriction, devaluation or fluctuation; market condition affecting the liquidity of financial instruments, the execution or settlement of any transaction or the value of assets; breakdown, failure or malfunction of any telecommunications, computer service or system; act of God or natural disaster; war; riot; terrorist action or strike; or
 - Any act or omission of the AIFM, any professional, third party bank, prime broker or any other broker or any other third party.

Nothing shall limit the Depository's liability under the AIFM Directive for its negligent or intentional failure to properly fulfil its obligations under the AIFM Directive.

To the extent that the Depository is liable to the Company, then the extent of its liability shall be limited to the amount of the actual loss of the Fund.

In no event shall the Depository be liable for:

- Any loss of:
 - Profit;
 - Goodwill;
 - Reputation;
 - Business opportunity; or
 - Anticipated saving,
- Or, whether direct or indirect any:
 - Special, punitive or consequential damages; or
 - Other indirect losses, whether or not the Company or AIFM has been advised of the possibility of such liabilities.

Fees

Under the terms of the Depository Agreement the Company has agreed to pay the Depository a fee of 5bps on the net assets of the Company.

In accordance with the AIFM Directive, the AIFM will inform investors before they invest in the AIF of any arrangement made by the Depository to contractually discharge itself of liability. The AIFM will also inform investors without delay of any changes with respect to depository liability.

THE AUDITOR

PriceWaterhouseCoopers

Provides audit and audit-related assurance services to the Company.

The Auditor has a statutory responsibility to report to the members of the Company as a whole in relation to the truth and fairness of the Company's state of affairs and profit or loss as well as confirming that the Company accounts have been prepared in accordance with the Company's Articles of Association. The Auditor is also required to report by exception if there are certain matters on which they are not satisfied, including if adequate accounting records have not been kept by the Company or it has not received all the information and explanations required in order to carry out the audit.

Fees

Details of the fees paid to the Auditor can be found in the Company's latest Annual Report and Accounts published on the Company's website, which can be accessed at www.ibtplc.com.

THE REGISTRAR

Equiniti Ltd

The Registrar maintains the Company's register of members.

Fees

Details of the fees paid to the Registrar can be found in the Company's latest Annual Report and Accounts published on the Company's website, which can be accessed at www.ibtplc.com.

Other fees, charges and expenses

Additional fees payable by the Company to those set out above include legal fees, broker commissions, director's fees, professional services fees and expected expenses. Details can be found in the Company's latest Annual Report and Accounts published on the Company's website, which can be accessed at www.ibtplc.com.

SHAREHOLDER INFORMATION

Annual Reports and Accounts

Copies of the Company's audited accounts for the three financial years ended 31 August 2015 are available for inspection at the address of BNP Paribas and on the website.

Copies of the Company's latest annual and half year reports may be accessed on the Company's website: www.ibtplc.com.

NET ASSET VALUE

The net asset value of the Company's ordinary shares is published daily by the AIFM via a Regulatory News Service announcement.

VALUATION POLICY

The Company's portfolio of assets will be valued on each Dealing Day (a day on which the London Stock Exchange and banks in England and Wales are normally open for business). All instructions to issue or cancel ordinary shares given for a prior Dealing

Day shall be assumed to have been carried out (and any cash paid or received).

The valuation will be based on the following:

- Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.
- All transferable securities will be valued at fair value:
 - fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted; and
- All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the AIFM, represents a fair and reasonable price.
- If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.
- Added to the valuation will be:
 - any accrued and anticipated tax repayments of the Company;
 - any money due to the Company because of ordinary shares issued prior to the relevant Dealing Day;
 - income due and attributed to the Company but not received; and
 - any other credit of the Company due to be received by the Company. Amounts that are de minimis may be omitted from the valuation.
- Deducted from the valuation will be:
 - any anticipated tax liabilities of the Company;
 - any money due to be paid out by the Company because of ordinary shares bought back by the Company prior to the valuation;
 - the principal amount and any accrued but unpaid interest on any borrowings; and
 - any other liabilities of the Company, with periodic items accruing on a daily basis. Amounts that are de minimis may be omitted from the valuation.

Valuations of net asset value per share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to the Regulatory News Service.

The Company's unquoted portfolio of assets will be valued on each working day in accordance with IFRS and the PE and VC Valuation guidelines ('IPEV') www.privateequityvaluation.com. Further information regarding the valuation of unquoted assets and any sensitivities arising from unobservable inputs can be found in the Company's latest Annual Report and Accounts published on the Company's website, which can be accessed at www.ibtplc.com.

VALUATION OF ILLIQUID ASSETS

The AIFM Directive requires the disclosure of the percentage of the AIF's assets, which are subject to special arrangements arising from their illiquid nature. Further, any new arrangements for managing the liquidity of the Company must be disclosed. The Company makes such disclosures to shareholders on a periodic basis and publishes these in its interim and annual accounts, which are available on the Company's website.

The liquidity management policy requires the AIFM to identify and monitor its investment in asset classes, which are considered to be relatively illiquid. The majority of the Company's investment portfolio is invested directly in liquid equities and this equity portfolio is monitored on an ongoing basis to ensure that it is adequately diversified.

The liquidity management policy is reviewed and updated, as required, on at least an annual basis.

HISTORICAL PERFORMANCE OF THE COMPANY

Details of the Company's historical financial performance are provided in the Company's annual reports and accounts and monthly factsheets, which are available on the Company's website: www.ibtplc.com.

Investors should note that the past performance of the Company is not necessarily indicative of future performance. Investors may not get back the amount invested.

PROCEDURE AND CONDITIONS FOR THE ISSUANCE OF ORDINARY SHARES

The Company's ordinary shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's ordinary shares may be purchased and sold on the main market of the London Stock Exchange.

While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company and any repurchase of shares shall be at the discretion of the Directors.

New shares may be issued at the Board's discretion providing relevant shareholder issuance authorities are in place. Shareholders do not have the right to redeem their shares.

FAIR TREATMENT OF INVESTORS

The AIFM has procedures, arrangements and policies in place to ensure compliance with the principles more particularly described in the AIFM Rules relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interests of the Company and of the shareholders;
- ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile;
- ensuring that the interests of any group of shareholders are not placed above the interests of any other group of shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;
- preventing undue costs being charged to the Company and shareholders;
- taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of shareholders; and
- recognising and dealing with complaints fairly.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest. In addition, as its ordinary shares are admitted to the Official List, the Company is required to comply with, among other things, the FCA's Listing Rules and Disclosure Guidance and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors. As at the date of this annual report, no investor has obtained preferential treatment or the right to obtain preferential treatment.

CONFLICTS OF INTEREST

Potential conflicts of interest may arise because the AIFM itself or an employee of the AIFM or a person linked by control (including a delegate) to the AIFM:

- is likely to make a financial gain (or avoid a loss) at the expense of the Company or a client or an investor in the Company that is contrary to the interest of that investor in the Company;
- has a financial or other incentive to favour the interest of one investor or the Company or a client or group of clients over another;
- has an interest in the outcome of:
 1. a service/activity provided to the Company or its investors or a client; or
 2. a transaction carried out on behalf of the Company or a client or an investor, which is distinct from the Company's interest in that outcome;
- carries out the same activities for the Company as it does for another fund, client or clients which are not funds; or
- is in receipt of inducements in the form of monies, goods or services from a person other than the Company or its investors, other than the standard commission or fee for that service.

The AIFM will seek to avoid conflicts where it is deemed practical to do so. The AIFM has policies and procedures in place to monitor the conflicts of interest that may arise.

RISK MANAGEMENT

In its capacity as AIFM, SV has a responsibility for risk management for the Company, which is in addition to the Board's corporate governance responsibility for risk management.

The Company has Risk Management controls, which are agreed with the Board. The Manager maintains adequate risk management systems in order to identify measure and monitor principal risks at least annually under AIFM Directive. SV is responsible for the implementation of various risk activities such as risk systems, risk profile, risk limits and testing.

The Board, as part of UK corporate governance, remain responsible for the identification of significant risks and for the ongoing review of the Company's risk management and internal control processes.

The AIFM has an ongoing process for identifying, evaluating and managing the principal risks faced by the Company and this is regularly reviewed by the Board. The Board remains responsible for the Company's system of internal control and for reviewing its effectiveness.

Further information can be found in Note 24 of the 31 August 2016 Annual Report available on the website.

LIQUIDITY RISK MANAGEMENT

The AIFM has a liquidity management policy, which it uses to monitor the liquidity risk of the Company. Shareholders have no right to redeem their ordinary shares from the Company but may trade their ordinary shares on the secondary market. However, there is no guarantee that there is a liquid market in the ordinary shares.

Further details regarding the risk management process and liquidity management are available from the AIFM, on request.

PROFESSIONAL LIABILITY RISK

The AIFM maintains both the capital requirements and the required professional inclemently insurance at the level required under AIFM Rules in order to cover potential liability risks arising from professional negligence.

OTHER SERVICE PROVIDERS

HSBC Securities Services Limited provides the following services to the Fund: Transaction Processing, Net Asset Valuation and Unit Pricing; Compliance Monitoring and Reporting; Cash and Income Forecasting; Accounting and Financial Control; Tax Calculation and Reporting; Statutory Reporting; Client and Board Reporting; Service Support; Consultancy.

An investor in IBT does not have direct rights against the relevant service provider and where wrongdoing is alleged to have been committed against the Company, such wrongdoing would generally only be actionable by the Company.