

ICGF Rebased NAV

On 6 August 2014 the Company issued 37.5m Subscription Shares at nil cost on a 1:2 basis to ordinary shareholders who, at the time, held 75m Ordinary Shares. The Subscription Shares entitled the holder to acquire one Ordinary Share for each Subscription Share at a cost of 61p in August 2016.

Following the issue of Subscription Shares the headline NAV per share published by Bloomberg and other third party data providers was the Diluted NAV per share rather than the Basic NAV per share. Additionally the Investment Manager (IM) produced a Rebased NAV per share which the IM believes is the fairest representation of its performance across all periods excluding the dilutive effect of the issue of Subscription Shares. The reason for this, and the basis of calculating the Company's NAVs is explained below.

The Diluted NAV per share assumed that 37.5m Subscription Shares had been exercised to acquire one Ordinary Share for each Subscription Share at a cost of 61p, raising an additional £22.87m cash. So at the time of the Subscription Share issue the Basic NAV per share and the Diluted NAV per share were exactly the same, as illustrated below:

Basic NAV

Total NAV	£45.75m
Ordinary Shares in issue	75.00m
Basic NAV per share (£45.75m / 75.00m)	61.0p

Diluted NAV

Total NAV	£45.75m
Theoretical additional cash	£22.87m
Theoretical total NAV	£68.62m
Ordinary Shares in issue	75.00m
Theoretical additional shares	37.50m
Theoretical total shares in issue	112.50m
Diluted NAV per share (£68.62m / 112.50m)	61.0p

However as time goes on the Basic NAV per share and the Diluted NAV per share diverge. This is because the Diluted NAV per share continues to assume that the theoretical additional cash raised from the exercise of the Subscription Shares remains held in cash by the Investment Manager (IM), giving no credit to that proportion of the total NAV generating an investment return. To illustrate this, if we assume that the investment performance increases the total NAV by 20% after the issue of the Subscriptions Shares, the NAV's would be as follows:

Basic NAV

Total NAV (£45.75m increased by 20%)	£54.90m
Ordinary Shares in issue	75.00m
Basic NAV per share (£54.90m / 75.00m)	73.2p

Diluted NAV

Total NAV (as above)	£54.90m
Theoretical additional cash	£22.87m
Theoretical total NAV	£77.77m
Ordinary Shares in issue	75.00m
Theoretical additional shares issued	37.50m
Theoretical total shares in issue	112.50m
Diluted NAV per share (£77.77m / 112.50m)	69.1p

The above example shows that the Basic NAV per share increases by 20%, corresponding with the investment performance. However the Diluted NAV per share only increases by 13.3% because the theoretical cash of £22.87m (29.4% of theoretical total NAV) has generated no investment return.

Consequently from August 2014 the Company has produced a Rebased NAV per share which the IM believes is the fairest representation of its performance across all periods excluding the dilutive effect of the issue of Subscription Shares. In the above example the Rebased NAV per share would show an increase of 20% reflecting the investment performance over that period, whilst the headline NAV per share would show an increase of 13.3%. This principle has been applied to the Basic NAV per Share from the date the additional Ordinary Shares were issued in August 2016 back over the 3 year, 5 year and other relevant performance periods. Since August 2016 the Rebased NAV, the Diluted NAV and the Basic NAV per share have all been aligned.