THE INVESTMENT COMPANY - FAIR VALUE ASSESSMENT – 2024

The Manufacturer (Chelverton Asset Management Limited) of The Investment Company ("Company") is required to provide an annual statement attesting that the costs of associated services provided to the Company represent fair value.

In 2023, The Investment Company changed its investment manager to Chelverton Asset Management Limited (" CAM"). Previously the Board did not employ an external Investment Manager. Chelverton Asset Management Limited had been looking for an Investment Trust to complement its successful MI Chelverton UK Equity Growth strategy. Therefore, when the opportunity arose, Chelverton Asset Management and the board of The Investment Company changed the investment policy of the Trust to be in line with the strategy of the MI Chelverton UK Equity Growth Fund.

Investors were offered the opportunity to realise their assets. The result was that 83% of the shareholders tendered their holdings. There were a number of investors who took up the offering, resulting in a £6.3m investment trust. Chelverton will concentrate on performance prior to launching further fundraise. The small capital base may result in initially higher costs for investors; for now, however, CAM is capping these costs at 2%.

In order to assess if a product or service provides value, firms must consider at least the following:

1. *the nature of the product or service, including the benefits that will be provided or may reasonably be expected and their qualities*

Ordinary Shares

The Company is a closed-ended investment company whose ordinary shares are listed on the London Stock Exchange and an alternative investment fund under the Alternative Investment Fund Managers Directive ("AIFMD"). The Company's shares are available to the general public and are not marketed by CAM or the Company to any particular end-buyer segment. Wealth managers who buy this stock for their clients are likely to be doing so in the context of being an efficient way to get exposure to UK smaller-cap stocks.

The Company intends to fulfil its investment objective through investing in cash-generative quoted UK Small and Mid-Cap Companies that are expected to grow faster than the UK stock market as a whole over the long term and which can finance their own organic growth. The Company will primarily invest in equity securities of companies with shares admitted to listing on the Main Market, the AQSE or to trading on AIM with a market capitalisation of less than £250 million at the time of investment. The Company may also invest in companies with shares admitted to listing on the Main Market, the AQSE or to trading on AIM with a market capitalisation of £250 million or more at the time of investment for liquidity purposes. The Company will identify prospective companies through a formal quantitative and qualitative screening process which focuses on criteria such as the ability to convert a high proportion of profit into cash, sustainable margins, limited working capital intensity and a strong management team. Companies that successfully pass the screening process will form part of the Company's 'investable universe' of prospective companies. The Company has not set any limits on sector weightings within the Portfolio but its exposures to sectors and stocks will be reported to, and monitored by, the Board in order to ensure that adequate diversification is achieved. The Company will maintain a diversified portfolio in UK Small and Mid-Cap Companies. The target investors are institutions and individual retail investors.

There is no fixed maturity date. A Continuation Resolution will be put to shareholders at the annual general meeting of the Company to be held in 2028.

There is no ability for the Company to terminate shareholdings of investors in the Company unilaterally or automatically.

The shares of the Company are bought and sold via markets. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it.

Please see the June 2023 prospectus for a summary of the risks of investing in the products:

https://theinvestmentcompanyplc.co.uk/june-2023-prospectus/

The KID document, presents the risks as follows:

What are the risks and what could I get in return?

Risk Indicator

1	2	3	4	**5**	6	7

Lower risk — Higher risk

The risk indicator assumes you keep the product for 5 Years.

The actual risk can vary significantly if you cash in at an early stage and you may get back less.

This product does not include any protection from future market performance so you could lose some or all of your investment.

If we are not able to pay you what is owed, you could lose your entire investment.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact the capacity to pay you.

Investment performance information

The main risks arising from the Company's financial instruments are due to fluctuations in their market prices, business risk, concentration risk, monetary risk, operational risk, regulatory risk, credit risk and liquidity risk.

Other geopolitical issues may affect the Company's investments. The conflicts in Ukraine and the Middle East have had a significant impact, inter alia, on inflation and, in conjunction with affairs in China, an impact on supply chains and globalisation. Investee companies will vary as to the impact on them and their ability to adapt.

The Company is reliant on service providers. Failure of the internal control systems of these parties could result in losses to the Company.

2. any limitations that are part of the product or service, and

There are no limitations as far as Chelverton Asset Management is concerned.

3. *the expected total price customers will pay, including all applicable fees and charges over the lifetime of the relationship between customers and firms.*

Ordinary Shares

The costs to the investor in respect of the July 2023 issue are as follows:

- Investors participating in the Issue will be able to acquire Ordinary Shares at the Issue Price, which is equal to the NAV per Ordinary Share (before deducting any accrued or paid Transaction Costs) on the Calculation Date. The Transaction Costs will be shared amongst the pools of capital value represented by Tendering Shareholders, Remaining Shareholders and Incoming Shareholders, each as a proportion of the NAV on the Calculation Date. The Transaction Costs are estimated to be between £525,000 and £625,000. As a result, the Issue Price will be at a premium to the Tender Price (and the Post-Transaction NAV per Ordinary Share), reflecting the proportion of the Transaction Costs which will be borne by Incoming Shareholders.

The costs according to the KID are as follows [again this will be updated over time]:

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.
The amounts shown here are the cumulative costs of the product itself, for three different holding periods.
They include potential early exit penalties. The figures assume you invest 10 000 GBP. The figures are estimates and may change in the future.

Costs over time
The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment GBP 10 000			
Scenarios	**If you cash in after 1 Year**	**If you cash in after 3 Years**	**If you cash in after 5 Years**
Total costs	256	768	1 280
Impact on return (RIY) per year	2.56%	2.56%	2.56%

Composition of costs
The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.
This table shows the impact on return per year

One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment. This is the most you will pay, and you could pay less.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.17%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	2.39%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	0.00%	The impact of the performance fee.
	Carried interests	0.00%	The impact of carried interests.

The Board reviews costs on an ongoing basis, which are disclosed in the report and accounts, which can be viewed by consumers.

There is no performance fee payable on the product.

CAM has capped costs at 2% for investors.

4. *any characteristics of vulnerability that* retail customers *in the* target market *display and the impact these characteristics have on the likelihood that* retail customers *may not receive fair value from its* products.

In considering the value assessment and how it applies to different groups of retail customer in their target market, we consider the following:

1. whether any retail customers who have characteristics of vulnerability may be less likely to receive fair value; and
    - CAM does not have permissions to market directly to retail clients and is therefore very unlikely to have sight of clients exhibiting vulnerability. CAM's approach to vulnerable clients is explained in the documents referred to at the top of this assessment of value. Since all shareholders are bear the same costs for investing in the trust, CAM considers there is no further action required on this client group, though notes it would expect distributors down the chain to consider outcomes for vulnerable clients. CAM will be asking for clarity from its distribution partners on this issue in due course.
2. whether the product provides fair value for each of the different groups of retail customer in the target market, including in circumstances where the pricing structure of the product involves different prices being charged to different groups of retail customers.
    - All groups of customers are charged the same management fee therefore all group of customers receive value as anticipated in this document.

In addition, the Firm has asked the following questions:

- Are there elements of the pricing structure that could lead to foreseeable harm?

The costs are disclosed in the Key Investment Documents, and therefore should not lead to foreseeable harm. Chelverton Asset Management Limited does not market to retail clients. For Target Market Analysis and CAM's response to the Consumer Duty in general, please refer to CAM Compliance.

- Are there fees or charges or rates which appear unjustifiably or unreasonably high compared to the benefits of the product and other comparable products (either in the firm's product portfolio or comparable products supplied by other firms)?

Please see above. Costs are reviewed by the Board of the Investment Trust.

- Should/have any changes in the benefits of the product been reflected in the price?

Please see above. Costs are reviewed by the Board of the Investment Trust.

- Should/have any material changes to assumptions that underpinned pricing (for example on costs of servicing) been reflected in changes to the price?

Please see above. Costs are reviewed by the Board of the Investment Trust, ensuring that shareholders receive comparable services and rates, classes of units, economies of scale, Annual Management Charge, Administration Charges and other Third-Party costs, including a retainer fee for corporate advice etc and research from a broker. Fees are documented in regular reporting, which are available to all investors in the fund.

In terms of the distribution chain, the Investment Trust is available on various platforms, which are also subject to the Consumer Duty.

Please also note, that the UK government and the FCA announced a temporary exemption from the cost disclosure requirements for investment trusts on September 19, 2024.

The argument is that the requirements lead to "double counting" of costs, and that investment trusts' market values already reflect costs.

The FCA will not take enforcement action against investment trusts that do not comply with the PRIIPs regulation. Nonetheless, the requirement to assess value remains.

Annual Report – Investment Managers Commentary

Please see the most report here, which outlines Trust performance and costs: https://theinvestmentcompanyplc.co.uk/wp-content/uploads/2024/02/Half-Year-Report-31-December-2023-for-Website.pdf. The Board remain supportive of the Investment Manager.

The expectation is that the Trust continues to offer value over the investment horizon outlined in the Prospectus and Key Investor Documents.

Disclaimer

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Past performance is not a reliable guide to future performance. The value of investments may go down as well as up and you may not get back the amount you originally invested.

Investors should note that changes in rates of exchange may have an adverse effect on the value, price or income of investments. Tax rates and reliefs may change and the value of tax reliefs depends on individual circumstances.

The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. Fund performance figures are net of the ongoing charges and portfolio transaction costs unless otherwise stated.

Chelverton Asset Management Limited ("CAM") does not take into account the EU criteria for environmentally sustainable economic activities as it does not distribute funds in Europe. The trust does not have a label under SDR as it does not have any sustainability outcomes or objectives.