

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor/legal adviser, accountant or other appropriately authorised independent financial adviser.

If you have been provided with a copy of this document by a life insurance company, which has invested assets comprised within its long term business fund, where the Company has been selected by you as the policyholder of a particular policy as the basis for determining the benefit of that policy, you should contact the said life insurance company and indicate whether or not you would wish for the life insurance company to vote for or against the Class Resolutions to be proposed at the Class Meetings. Depending upon the terms of your policy, the said life insurance company may or may not be obliged to comply with your wishes.

This document contains a proposal which, if implemented, will result in the variation of the rights attaching to each class of Participating Shares (each a "Portfolio" and together the "Portfolios") of KHG Funds Plc (the "Company" or "Fund") and the creation of Side-Pockets for the KHG Balanced Portfolio and the KHG Diversified Income Portfolio with Shareholder consent (the "Proposal").

Notices of the Extraordinary General Meeting and of the Class Meetings, all of which will be held at Knox House, 16-18 Finch Road, Douglas, Isle of Man IM1 2PT, are set out at the end of this document. The Extraordinary General Meeting will be held at 10.00 a.m. and each Class Meeting will be held at fifteen minute intervals thereafter.

KHG FUNDS PLC

Variation of the rights attaching to Participating Shares of each Portfolio
and the creation of Side-Pockets
to be effected under regulation 4.3 of the Company's articles of association ("Articles")
by way of separate Class Meetings

This document should be read as a whole, in conjunction with the accompanying Forms of Proxy. **Your attention is drawn to the letter from the Directors of the Company in Part I of this document, which contains the unanimous recommendation of the Directors that you vote in favour of the Proposal at the Class Meetings.**

Shareholders will find accompanying this document a Form of Proxy for use in connection with the Extraordinary General Meeting and each Class Meeting. **Whether or not you intend to attend the meetings in person, please complete and sign the enclosed Form(s) of Proxy(ies) which correspond with the Portfolio(s) in which you hold Shares in accordance with the instructions printed on them and return them to SMP Fund Services Limited, P.O. Box 227 Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ as soon as possible and, in any event, so as to be received at least 48 hours before the time appointed for the relevant Class Meeting. Please note that Shareholders holding Participating Shares may attend, but have no right to vote at, the Extraordinary General Meeting, and accordingly they should not complete a Form of Proxy for the Extraordinary General Meeting.** If the Form of Proxy for the relevant Class Meeting is not returned by the time mentioned in the instructions printed on it, it shall be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at the Class Meeting, or any adjournment thereof, if you so wish and are so entitled. **Only the registered holder of the Shares is entitled to vote at the Class Meetings.**

Information for Overseas Shareholders

The publication or distribution of this document in jurisdictions other than the Isle of Man may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the Isle of Man into whose possession this document comes should inform themselves about,

and observe, any applicable legal and regulatory requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. Further details in relation to Overseas Shareholders are contained on page 7 of this document.

This document does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document, the Proposal or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document does not constitute an offer or invitation to the public to subscribe for Shares and accordingly this document is not an "offering document" for the purposes of the Isle of Man Companies Act 2006. This document and the accompanying documents have been prepared for the purposes of complying with Isle of Man law and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of the Isle of Man.

Miscellaneous

The statements contained herein (or incorporated by reference into this document) are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein (or incorporated by reference into this document) since such date.

Forward looking statements

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Proposal, the expected timing and scope of the Proposal and other statements other than in relation to historical facts. Forward-looking statements include, without limitation, statements typically containing words such as "intends", "expects", "anticipates", "targets", "estimates", "believes", "should", "plans", "will", "expects" and similar expressions or statements that are not historical facts are intended to identify those expressions or statements as forward-looking statements. The statements are based on the current expectations of the Company and are naturally subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements. Neither the Company, nor any of its respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations, the Company is not under any obligation it expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Responsibility

The Directors, whose names are set out on page 5 of this document accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times referred to in this document are references to London time, unless otherwise stated.

Event	Time and/or date
Latest time for lodging Forms of Proxy for:	
Extraordinary General Meeting	10.00 a.m. on 31 October 2017
KHG Balanced Portfolio Class Meeting	10.15 a.m. on 31 October 2017
KHG Diversified Income Portfolio Class Meeting	10.30 a.m. on 31 October 2017
KHG New World Opportunities Portfolio Class Meeting	10.45 a.m. on 31 October 2017
Class Meeting of Management Shares	11.00 a.m. on 31 October 2017
Extraordinary General Meeting	10.00 a.m./ on 2 November 2017
KHG Balanced Portfolio Class Meeting	10.15 a.m./ on 2 November 2017
KHG Diversified Income Portfolio Class Meeting	10.30 a.m./ on 2 November 2017
KHG New World Opportunities Portfolio Class Meeting	10.45 a.m./ on 2 November 2017
Class Meeting of Management Shares	11.00 a.m./ on 2 November 2017

The Extraordinary General Meeting and the Class Meetings will all be held at Knox House, 16-18 Finch Road, Douglas, Isle of Man IM1 2PT .

ONLY THE REGISTERED HOLDER OF SHARES IS ENTITLED TO VOTE AT THE MEETINGS.

If you have any questions relating to this document, the Extraordinary General Meeting or the Class Meetings or the completion and return of the Forms of Proxy, please contact the Manager, SMP Fund Services Limited, P.O. Box 227 Clinch’s House, Lord Street, Douglas, Isle of Man IM99 1RZ, by telephone between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except Isle of Man public holidays) on 01624 683229 from within the Isle of Man or the UK or +44 1624 683229 if calling from outside the UK. The Manager cannot provide advice on the merits of the Proposal nor give any financial, legal or tax advice.

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	Forms of Proxy	Enclosed
	New Articles	Available at: http://www.khg-funds.com

PART I
LETTER FROM THE DIRECTORS

KHG FUNDS PLC

(INCORPORATED IN THE ISLE OF MAN UNDER COMPANY NUMBER 005208V)

Directors:

Mary Barber
David Nixon

Registered office:

Knox House
16-18 Finch Road
Douglas
Isle of Man
IM1 2PT

17 October 2017

To Shareholders (and, for information only, to persons with information rights)

Dear Shareholder,

**RECOMMENDED PROPOSAL TO VARY THE RIGHTS
ATTACHING TO PARTICIPATING SHARES AND TO
CREATE SIDE-POCKETS**

1. Introduction

This letter sets out the terms of the Proposal and the reasons why the directors of the Company (the "**Directors**") unanimously recommend that you vote in favour of the Class Resolutions to be proposed at the Class Meetings to approve the Proposal.

2. Background to and reasons for the Proposal

"In their letter to Shareholders on 17 July 2017 the Directors explained that they had resolved to suspend the determination of the Net Asset Value (the "**Suspension**") of the KHG Balanced Portfolio and the KHG Diversified Income Portfolio (the "**Suspended Portfolios**"). The reason for the Suspension was that a notification had been received from a shareholder of their intention to redeem their holding of Participating Shares in the Suspended Portfolios (the "**Notification**"). The Notification was not perceived by the Directors as being normal, and it was likely to have exceeded the percentage of the Participating Shares in issue in the Suspended Portfolios that may be redeemed on any Redemption Day. The Directors, in conjunction with Creechurch Capital Limited (the "**Investment Manager**"), reviewed the structure of the investments within the Suspended Portfolios and ascertained that certain investments in the Suspended Portfolios ("**Illiquid Assets**") did not provide adequate liquidity, which was due either to a current suspension of those investments or to an indication of forward realisation. Had the Directors accepted the Notification, the remaining Shareholders of Participating Shares in the Suspended Portfolios would have been disadvantaged, due to the lack of liquidity in the Illiquid Assets. The Directors addressed this inequality by implementing the Suspension.

In order to ensure that the remaining Shareholders of Participating Shares in the Suspended Portfolios are not disadvantaged by the Notification, or any future similar redemption requests, the Directors are seeking Shareholder consent to create Side-Pockets. The Directors will not create a Side-Pocket for the KHG New World Opportunities Portfolio.

Amendments are required to the Company's articles of association (the "**Articles**") in order to give effect to the Proposal, and it is proposed that new Articles (the "**New Articles**") will be adopted, pursuant to a Special Resolution of the Shareholders of the Company's Management Shares, in which the relevant amendments are set out. The

adoption of the New Articles amounts to a variation of the rights attaching to Participating Shares, which cannot take place without the approval of the Shareholders of each Portfolio and of the Shareholders of the Company's Management Shares. The New Articles are available to view on the Company's website (<http://www.khgfunds.com>).

3. Summary of the Proposal

If Shareholder consent is given to adopt the New Articles and to create Side-Pockets, a separate Side-Pocket will be created for each of the Suspended Portfolios. The Illiquid Assets of each Suspended Portfolio will be transferred to the Side-Pocket.

Upon the creation of a Side-Pocket, a proportionate number of the Participating Shares of each Shareholder in the Suspended Portfolios will be converted to shares in the Side-Pocket (the "**Restricted Shares**"). Once the Side-Pockets have been created, the Suspension will be lifted by the Directors and the Suspended Portfolios will be re-opened to subscriptions and redemptions. Redemptions in the Portfolios will be subject to a 5% restriction, as noted in paragraph (b)(iv) below.

If in the opinion of the Directors, there is a change in circumstances, they may re-allocate all or part of the Illiquid Assets or of the remittances arising in respect of the Illiquid Assets to the Portfolio from which the Illiquid Assets were originally transferred. When the re-allocation has taken place, a proportionate number of the Restricted Shares of each affected Shareholder will be cancelled, and bonus Participating Shares will be allotted to those Shareholders in the relevant Portfolios. The bonus Participating Shares will carry the same rights as the other Participating Shares in the same Portfolio.

Restricted Shares differ from Participating Shares in that they carry no voting rights, they may not be redeemed and, on a winding up or on a reduction of capital involving a return of capital, the Restricted Shares rank *pari passu* with Participating Shares, but the repayment of the nominal amounts paid up on them and the repayment of surplus is made only from the Side-Pocket to which they relate.

The Directors are also taking this opportunity:

- (a) to consolidate the master offering document of the Company and the supplementary offering documents for each Portfolio (each an "**Offering Document**" and together the "**Offering Documents**") with the addenda to the Offering Documents which were issued on 23 November 2015, 15 September 2016 and 7 August 2017; and
- (b) to amend the terms of the Offering Documents by:
 - (i) changing the Valuation Day of each Portfolio from weekly to monthly, so that it occurs on the 15th day of each month (or the preceding Business Day if that day is not a Business Day);
 - (ii) changing the Subscription Day and the Redemption Day of each Portfolio from weekly to monthly, so that it occurs on the 16th day of each month (or the next following Business Day if that day is not a Business Day);
 - (iii) increasing from 5 clear Business Days to 30 clear days the minimum period of notice to be given by a Shareholder to the Manager to redeem Participating Shares;
 - (iv) reducing from 10% to 5% the percentage of the Participating Shares in issue in a Portfolio that may be redeemed on any Redemption Day;
 - (v) changing the payment cycle of the Investment Manager's charges to allow for the Investment Manager's fees to be accrued in the Side-Pockets but not be paid until the re-allocation of all or part of the Illiquid Assets or of the remittances arising in respect of the Illiquid Assets as described above; and

- (vi) clarifying that the KHG Diversified Income Portfolio is expected to have a volatility rating of "low to medium" compared to equity markets.

The changes in respect of the restructuring of the Fund and affected Portfolios are being made to:

- consolidate the Offering Documents to include the addenda noted above;
- ensure that those Shareholders who remain invested in the Portfolios are not adversely affected due to the exit of redeeming Shareholders;
- maintain the overall investment strategy of the affected Portfolios;
- ensure that the investments, that the Directors deem to be illiquid, are realised in an orderly manner;
- ensure that the investments, that the Directors deem to be illiquid, are only distributed when the actual value of those illiquid investments are realised;
- ensure that the investment strategy of the continuing Portfolios is maintained, thus allowing normal operations to continue;
- ensure that a sufficient notice period is able to be provided to the those monthly dealt investments within the affected Portfolios, thus providing a smoothing of the cash flow within the affected Portfolios when Shareholders redeem;
- limit the amount of redemptions from the affected Portfolios to ensure that there is no detrimental affect on the performance or investment strategy of the affected Portfolios;
- allow for the Investment Manager's charges to be accrued in the Side-Pockets, but not be paid until the re-allocation all or part of the Illiquid Assets or of the remittances arising in respect of the Illiquid Assets as described above; and
- clarify that the KHG Diversified Income Portfolio is expected to have a volatility rating of low to medium compared to equity markets. As a result of the diversified nature of the underlying holdings within the KHG Diversified Income Portfolio, the strategy, historically, has exhibited a low degree of return volatility and operated comfortably inside a medium volatility cap. In the interests of full transparency, the volatility range disclosed in the offering document should be consistent with the overall low to medium risk of the portfolio, which incorporates all salient risks to the strategy, including the potential risks of carrying illiquid holdings and investments backed by physical property.

4. Benefits to the Company and Shareholders

The creation of the Side-Pockets is seen by the Directors as a benefit to remaining Shareholders by ensuring that payments to redeeming Shareholders are not made by way of realisation of only the liquid elements of an affected Portfolio.

The creation of such Side-Pockets allows the unaffected Portfolio to continue to issue Participating Shares and to invest in accordance with the stated investment strategy of the relevant Portfolio, without the new Shareholders being exposed to the Illiquid Assets in the Side-Pocket.

Redemptions from the affected Portfolios will resume upon the creation of the Side-Pockets.

There are no perceived benefits for any redeeming Shareholder who has submitted a Notification.

5. Class Meetings

The Proposal may only be effected if:

- (a) the Company's Articles are amended by a Special Resolution of the Shareholders of the Company's Management Shares; and
- (b) it is approved at separate Class Meetings of the Shareholders of each Portfolio and of the Shareholders of the Company's Management Shares.

Under regulation 4.3 of the Company's Articles the Proposal constitutes a variation of the rights of the Shareholders of each Portfolio, and accordingly the Proposal may only be implemented if it is approved at the Class Meetings.

To become effective, the Proposal requires the approval of a majority of the Shareholders representing 75 per cent. of the Voting Rights of each Portfolio and of the Management Shares, who are present and voting either in person or by proxy at each Class Meeting at which they are entitled to vote. In addition the Special Resolution to amend the Articles must be approved by a majority of the Shareholders representing 75 per cent. of the Voting Rights of the Management Shares, who are present and voting either in person or by proxy at the Extraordinary General Meeting.

The quorum for the Extraordinary General Meeting and for each Class Meeting is either (a) two or more Shareholders entitled to exercise any of the Voting Rights at the relevant meeting, or (b) a Shareholder or Shareholders who hold between them at least 5 per cent. of the Voting Rights to be exercised at the relevant meeting.

Shareholders are only entitled to vote at the Class Meeting of the Portfolio or Portfolios in which they hold shares. Only the holders of Management Shares are entitled to vote at the Class Meeting of the Management Shares and at the Extraordinary General Meeting.

Notices of the Class Meetings are set out in Parts IV, V, VI and VII of this document. Notice of the Extraordinary General Meeting is set out in Part III of this document.

If the Proposal becomes effective, it will be binding on all Shareholders irrespective of whether or not they attended and/or voted in favour of the Proposal at the Class Meetings. Shareholders will be given notice before the Proposal becomes effective and before the amendments to the Offering Documents (outlined in section 3 above) come into effect.

6. Overseas Shareholders

The publication or distribution of this document in jurisdictions other than the Isle of Man may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the Isle of Man into whose possession this document comes should inform themselves about, and observe, any applicable legal and regulatory requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document, the Proposal or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document does not constitute a prospectus or a prospectus equivalent document.

This document and the accompanying Forms of Proxy have been prepared for the purposes of complying with Isle of Man law, and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of the Isle of Man.

The implications of the Scheme for Overseas Shareholders may be affected by the laws of their relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal and regulatory requirements. It is the responsibility of each Overseas Shareholder to satisfy himself/herself as to the full observance of the laws of the relevant jurisdiction, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

7. Taxation

The tax consequences of the Proposal will depend on your individual circumstances. If you are in any doubt as to your tax position you should consult an appropriately qualified independent professional adviser immediately.

8. Further information

If you have any questions relating to this document, the Class Meetings or the completion and return of the Forms of Proxy, please contact the Manager, SMP Fund Services Limited, P.O. Box 227 Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ, by telephone between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except Isle of Man public holidays) on 01624 683229 from within the Isle of Man or the UK or +44 1624 683229 if calling from outside the UK. The Manager cannot provide advice on the merits of the Proposal nor give any financial, legal or tax advice.

9. Recommendation

The Directors, having been so advised by the Investment Manager, consider the terms of the Proposal to be fair and reasonable.

Accordingly, the Directors believe that the terms of the Proposal are in the best interests of the Shareholders as a whole and unanimously recommend that Shareholders vote in favour of the Class Resolutions to be proposed at the Class Meetings.

Yours faithfully

David Nixon *Mary Barber*

The Directors

PART II

DEFINITIONS

The following capitalised expressions shall have the meanings set out below in this document:

Articles	means the articles of association of the Company;
Business Day	means any day on which banks are open for foreign currency exchange dealing business in London, the Isle of Man, Jersey and such other places (if any) as the Manager may specify in relation to the Fund;
Class Meetings	means the meetings of Shareholders called to consider and if thought fit approve the Class Resolutions;
Class Resolutions	means the resolution to be proposed at the Class Meetings as set out in the notices of the Class Meeting in Parts IV to VII of this document;
Board or Directors	means the board of directors of the Company as at the date of this document whose names are set out on page 5 of this document;
Director	means a director of the Company;
Euro or €	means the single European currency unit referred to in European Union Council Regulation (EC) no. 974/98 of 3 May 1998 on the introduction of the Euro;
Extraordinary General Meeting	means the meeting of Shareholders holding Management Shares called to consider and if thought fit approve the Class Resolutions;
Form of Proxy	means a form of proxy for use at the Extraordinary General Meeting and at the Class Meetings;
Investment Manager	means Creechurch Capital Limited;
Management Share	means the Non-Redeemable Non-Participating Management Shares of GBP1.00 nominal value each in the capital of the Fund having the rights and restrictions attached thereto in the Articles;
Manager	means SMP Fund Services Limited;
Net Asset Value	means, as the context requires, the net asset value of a Portfolio or the net asset value of a Sub-class (as determined in accordance with the Articles);
New Articles	means the new articles of association of the Company in the form which accompanies this

	document;
Overseas Shareholders	means Shareholders who are resident in or nationals or citizens of jurisdictions outside the Isle of Man or who are nominees of, or custodians or trustees for, citizens or nationals of countries other than the Isle of Man;
Participating Share	means a participating redeemable preference share of US\$0.01, £0.01 or €0.01 each in the capital of the Company which is attributed to an individual a Portfolio;
Portfolio	means a class of Shares in the Company established by the Directors in accordance with the Articles and the accounting entries established in the books of the Company for the purpose of allocating assets and liabilities relating to that class of Shares and keeping them separately identifiable from assets and liabilities relating to any other Portfolio;
Proposal	means the proposal to vary the rights attaching to Participating Shares and to create Side-Pockets subject to the conditions and on the terms of this document;
Redemption Day	means, in relation to a Portfolio, such Business Days as the Directors shall from time to time in their absolute discretion appoint as a day upon which Participating Shares may (subject to the Articles) be redeemed;
Share	means a share in the capital of the Company, being either a Management Share or a Participating Share;
Shareholders	means the registered holders of Shares;
Side Pocket	means a class of Shares in the Company established by the Directors under the New Articles to apportion the investments if the Board determine that it is in the interests of the affected Shareholders to do so because, <i>inter alia</i> , of the illiquidity of certain investments;
Special Resolution	means the special resolution to be proposed at the Extraordinary General Meeting as set out in the notice of the Extraordinary General Meeting in Part III of this document;
Sterling or £	means British pounds sterling, the lawful currency of the United Kingdom;
Sub-class	means, in relation to a Portfolio, a sub-class of Shares of that Portfolio which may be issued with a nominal value denominated in such currency as the Directors may determine;
Subscription Day	means, in relation to a Portfolio, such Business Days as the Directors shall from time to time in their absolute discretion appoint as a day upon

which Participating Shares may be subscribed for;

United States or US

means the United States of America, its territories and possessions, any states of the United States and the District of Columbia; and

Valuation Day

means, in relation to a Portfolio, such Business Days as the Directors shall from time to time in their absolute discretion appoint for the purposes of calculating the Net Asset Value of the relevant Portfolio.

Unless otherwise indicated, all references in this document to times are to London times.

PART III

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

KHG FUNDS PLC (the "Company")
(registered in Isle of Man No. 005208V)

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the Company will be held at Knox House, 16-18 Finch Road, Douglas, Isle of Man IM1 2PT on 2 November 2017 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

THAT:

subject to and conditional upon the passing of all Class Resolutions (as defined in the document of which this notice forms part) for the purpose of giving effect to the proposed creation of Side-Pockets (as defined in the document of which this notice forms part), which is summarised in the document of which this notice forms part, a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof:

1. the Articles (as defined in the document of which this notice forms part) be deleted in their entirety and be replaced by the New Articles (as defined in the document of which this notice forms part).

Dated 17 October 2017

By order of the Board

Registered office:

Knox House
16-18 Finch Road
Douglas
Isle of Man
IM1 2PT

Notes:

1. Registered holders of Management Shares and of Participating Shares in the Company are entitled to attend the Extraordinary General Meeting, but only holders of Management Shares are entitled to vote at the Extraordinary General Meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his or her place. A proxy need not be a member of the Company.
3. A Form of Proxy is enclosed with this notice. Instructions for use are shown on the form. The completion and return of a Form of Proxy will not prevent a member from attending and voting in person at the meeting. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.
4. To be valid, the Form of Proxy, together with any power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be received at the offices of SMP Fund Services Limited, P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ, **not less than 48 hours before the time of the meeting or, as the case may be, the adjourned meeting.**

PART IV

NOTICE OF THE KHG BALANCED PORTFOLIO CLASS MEETING

KHG FUNDS PLC (the "Company")
(registered in Isle of Man No. 005208V)

KHG BALANCED PORTFOLIO (the "Portfolio")

NOTICE IS HEREBY GIVEN that a CLASS MEETING of the holders of participating redeemable preference shares in the Portfolio ("**Participating Shares**") of the Company will be held at Knox House, 16-18 Finch Road, Douglas, Isle of Man IM1 2PT on 2 November 2017 at 10.15 a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

THAT:

subject to and conditional upon the passing of all Class Resolutions (as defined in the document of which this notice forms part) for the purpose of giving effect to the proposed creation of Side-Pockets (as defined in the document of which this notice forms part), which is summarised in the document of which this notice forms part (the "**Proposal**"), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof:

1. the Proposal be approved and the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Proposal into effect; and
2. each and every variation, modification or abrogation of the rights and privileges attached to the Participating Shares which is or may be effected thereby or by the adoption of the New Articles (as defined in the document of which this notice forms part) be approved.

Dated 17 October 2017

By order of the Board

Registered office:
Knox House
16-18 Finch Road
Douglas
Isle of Man
IM1 2PT

Notes:

1. Registered holders of Management Shares and of Participating Shares in the Portfolio are entitled to attend the Class Meeting, but only holders of Participating Shares are entitled to vote at the Class Meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his or her place. A proxy need not be a member of the Company.
3. A Form of Proxy is enclosed with this notice. Instructions for use are shown on the form. The completion and return of a Form of Proxy will not prevent a member from attending and voting in person at the meeting. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

4. To be valid, the Form of Proxy, together with any power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be received at the offices of SMP Fund Services Limited, P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ, **not less than 48 hours before the time of the meeting or, as the case may be, the adjourned meeting.**

PART V

NOTICE OF THE KHG DIVERSIFIED INCOME PORTFOLIO CLASS MEETING

KHG FUNDS PLC (the "Company")
(registered in Isle of Man No. 005208V)

KHG DIVERSIFIED INCOME PORTFOLIO (the "Portfolio")

NOTICE IS HEREBY GIVEN that a CLASS MEETING of the holders of participating redeemable preference shares in the Portfolio ("**Participating Shares**") of the Company will be held at Knox House, 16-18 Finch Road, Douglas, Isle of Man IM1 2PT on 2 November 2017 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

THAT:

subject to and conditional upon the passing of all Class Resolutions (as defined in the document of which this notice forms part) for the purpose of giving effect to the proposed creation of Side-Pockets (as defined in the document of which this notice forms part), which is summarised in the document of which this notice forms part (the "**Proposal**"), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof:

1. the Proposal be approved and the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Proposal into effect; and
2. each and every variation, modification or abrogation of the rights and privileges attached to the Participating Shares which is or may be effected thereby or by the adoption of the New Articles (as defined in the document of which this notice forms part) be approved.

Dated 17 October 2017

By order of the Board

Registered office:
Knox House
16-18 Finch Road
Douglas
Isle of Man
IM1 2PT

Notes:

1. Registered holders of Management Shares and of Participating Shares in the Portfolio are entitled to attend the Class Meeting, but only holders of Participating Shares are entitled to vote at the Class Meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his or her place. A proxy need not be a member of the Company.
3. A Form of Proxy is enclosed with this notice. Instructions for use are shown on the form. The completion and return of a Form of Proxy will not prevent a member from attending and voting in person at the meeting. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.
4. To be valid, the Form of Proxy, together with any power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be received at the offices of

SMP Fund Services Limited, P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ, **not less than 48 hours before the time of the meeting or, as the case may be, the adjourned meeting.**

PART VI

NOTICE OF THE KHG NEW WORLD OPPORTUNITIES PORTFOLIO CLASS MEETING

KHG FUNDS PLC (the "Company")
(registered in Isle of Man No. 005208V)

KHG NEW WORLD OPPORTUNITIES PORTFOLIO (the "Portfolio")

NOTICE IS HEREBY GIVEN that a CLASS MEETING of the holders of participating redeemable preference shares in the Portfolio ("**Participating Shares**") of the Company will be held at Knox House, 16-18 Finch Road, Douglas, Isle of Man IM1 2PT on 2 November 2017 at 10.45 a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

THAT:

subject to and conditional upon the passing of all Class Resolutions (as defined in the document of which this notice forms part) for the purpose of giving effect to the proposed creation of Side-Pockets (as defined in the document of which this notice forms part), which is summarised in the document of which this notice forms part (the "**Proposal**"), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof:

1. the Proposal be approved and the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Proposal into effect; and
2. each and every variation, modification or abrogation of the rights and privileges attached to the Participating Shares which is or may be effected thereby or by the adoption of the New Articles (as defined in the document of which this notice forms part) be approved.

Dated 17 October 2017

By order of the Board

Registered office:
Knox House
16-18 Finch Road
Douglas
Isle of Man
IM1 2PT

Notes:

1. Registered holders of Management Shares and of Participating Shares in the Portfolio are entitled to attend the Class Meeting, but only holders of Participating Shares are entitled to vote at the Class Meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his or her place. A proxy need not be a member of the Company.
3. A Form of Proxy is enclosed with this notice. Instructions for use are shown on the form. The completion and return of a Form of Proxy will not prevent a member from attending and voting in person at the meeting. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.
4. To be valid, the Form of Proxy, together with any power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be received at the offices of

SMP Fund Services Limited, P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man IM99 1RZ, **not less than 48 hours before the time of the meeting or, as the case may be, the adjourned meeting.**

PART VII

NOTICE OF CLASS MEETING OF MANAGEMENT SHARES

KHG FUNDS PLC (the "Company")
(registered in Isle of Man No. 005208V)

MANAGEMENT SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN that a CLASS MEETING of the holders of management shares ("**Management Shares**") of the Company will be held at Knox House, 16-18 Finch Road, Douglas, Isle of Man IM1 2PT on 2 November 2017 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

THAT:

subject to and conditional upon the passing of all Class Resolutions (as defined in the document of which this notice forms part) for the purpose of giving effect to the proposed creation of Side-Pockets (as defined in the document of which this notice forms part), which is summarised in the document of which this notice forms part (the "**Proposal**"), a print of which has been produced to this meeting and for the purposes of identification signed by the chairman hereof:

1. the Proposal be approved and the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Proposal into effect; and
2. each and every variation, modification or abrogation of the rights and privileges attached to the Management Shares which is or may be effected thereby or by the adoption of the New Articles (as defined in the document of which this notice forms part) be approved.

Dated 17 October 2017

By order of the Board

Registered office:

Knox House
16-18 Finch Road
Douglas
Isle of Man
IM1 2PT

Notes:

1. Registered holders of Management Shares are entitled to attend and vote at the Class Meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his or her place. A proxy need not be a member of the Company.
3. A Form of Proxy is enclosed with this notice. Instructions for use are shown on the form. The completion and return of a Form of Proxy will not prevent a member from attending and voting in person at the meeting. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.
4. To be valid, the Form of Proxy, together with any power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be received at the offices of SMP Fund Services Limited, P.O. Box 227, Clinch's House, Lord Street, Douglas, Isle of Man

IM99 1RZ, **not less than 48 hours before the time of the meeting or, as the case may be, the adjourned meeting.**