Oakley Capital Investments

Audit Committee Terms of Reference

1. Purpose

1.1. The purpose of the Committee is to provide oversight of the financial reporting process, the audit process and the system of internal controls of Oakley Capital Investments Limited (the "**Company**") and its compliance with laws and regulations. The Committee has received delegated authority from the Board of Directors of the Company (the "**Board**") in respect of the functions and powers set out in these terms of reference.

2. Membership

2.1. Unless otherwise determined by the Board, the membership of the Committee shall be a minimum of two persons selected from all such persons who, for the time being, are appointed as Directors of the Company (including the Chairperson of the Board if they were independent on appointment).

2.2. In the event of a member of the Committee having a conflict of interest in relation to any matter to be considered by the Committee, then the Committee member concerned should make this known and, if required, stand down from the Committee for the relevant part of the meeting.

2.3. All members of the Committee shall be independent Directors at least one of whom shall have recent and relevant financial experience, ideally with a professional qualification. The Committee as a whole shall have competence relevant to the sector in which the Company operates.

2.4. All members of the Board have the right to attend Committee meetings. Further, the external auditor will also be invited to attend meetings of the Committee on a regular basis.

2.5. The number of members of the Committee must be sufficient to support the purpose of the Committee.

2.6. The Board shall appoint the Committee Chairperson. In the absence of the Committee Chairperson and/or appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board shall not chair the Committee.

2.7. Subject to the terms of membership set out herein, any member of the Committee may appoint an alternate to attend a Meeting in their place, subject to the discretion of the Chairperson.

3. Meetings of the Committee

3.1. The Committee will meet at least two times a year at appropriate intervals in the financial reporting and audit cycle, with papers circulated at least three working days before the meeting.

3.2. The Chairperson may call an ad-hoc meeting of the Committee at any time providing that at least 48 hours' prior notice is given to each member of the Committee and that papers are distributed at least 24 hours before the meeting.

3.3. The quorum necessary for the transaction of business at a Committee meeting shall be two members including the Chairperson.

3.4. Decisions are made by consensus of the Committee members. In case of disagreement, the decision of the majority of the Committee members will prevail. Where there is no clear prevailing view, the Chairperson will determine the appropriate course of action.

3.5. A copy of the minutes of Committee meetings, as approved by the Chairperson of the Committee, will be circulated to all members of the Committee as soon as practicable following the meeting to which the minutes relate. Once approved, the minutes will be made available to the Board.

4. Authority of the Committee

4.1. The Committee is authorised to seek information, investigate, analyse, and make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed in order to discharge the responsibilities listed in section 5 below.

5. Responsibilities

5.1. The Committee will be responsible for carrying out the following responsibilities for the Company:

Annual General Meeting

a) attending the annual general meeting to answer shareholder questions on the Committee's activities (in the case of the Chairperson);

Financial Reporting

b) monitoring the integrity of the financial statements of the Company (including its annual and interim reports and any other formal announcement relating to its financial performance);

c) reviewing and reporting to the Board on significant financial reporting issues and judgements contained within the financial statements of the Company having regard to matters communicated to it by the auditor.

d) reviewing and challenging (where necessary):

- the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- adherence to the appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- all material information presented with the financial statements, such as the Directors' report and corporate governance statements (insofar as these relate to audit management).

Narrative Reporting

e) reviewing the content of the annual report and accounts and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Internal Controls and Internal Assurance

f) reviewing the effectiveness of the Company's internal controls over financial reporting;

g) considering the design and implementation of any assurance programme at key service providers and considering the results of assurance reporting on overall integrity of financial information;

Internal Audit:

h) considering annually whether there should be an internal audit function on an annual basis;

Compliance, whistleblowing and fraud:

i) reviewing the adequacy and security of the Company's arrangements for its Directors and the employees of contractors (including the investment adviser in relation to the Company) to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

j) reviewing the Company's procedures for detecting fraud;

k) reviewing the Company's systems and controls for the prevention of bribery and receiving reports on non-compliance.

External Audit:

l) ensuring that the Company publishes its annual audited accounts within four months of the end of the financial year to which they relate in accordance with the requirement to do so under the Transparency Rules of the Financial Conduct Authority.

m) considering and making recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor;

n) consider and making recommendations to the Board, as to whether or not the external audit should be put out to tender in accordance with applicable law, rules, regulation and best practice, and if so, to initiate and oversee as required fair tendering and selection processes;

o) investigating the justifications for the resignation of any auditor appointed by the Company, and deciding decide whether any action is required;

p) overseeing the relationship with the external auditor including (but not limited to):

- approving their remuneration, whether fees are for audit or non-audit services and ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;
- approving their terms of engagement, including any engagement letter issues at the start of each audit and the scope of the audit;
- assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of non-audit services;
- satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
- monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements; and
- assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures.

q) meeting the external auditor at least once a year to discuss the auditor's remit and any issues arising from the audit;

r) reviewing and approving the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;

s) reviewing the findings of the audit by the external auditor, including (but not limited to) the following:

- a discussion of any major issues which might have arisen during the audit;
- any accounting and audit judgements; and
- levels of errors identified during the audit.

t) reviewing any representation letter requested by the external auditor before it is signed by a director;

u) considering the supply of non-audit services to the Company by the external auditor, taking into account any relevant ethical guidance on the matter and reporting to the Board on any action required.

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6. Procedures and Processes

6.1. The Committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. This report shall include:

a) the significant issues that it considered in relation to the financial statements and how these were addressed;

b) its assessment of the effectiveness of the external audit process and its recommendations on the appointment or reappointment of the external auditor;

c) an explanation of how it has discharged its responsibilities; and

d) any other issues on which the Board has requested the Committee's opinion.

6.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

6.3. The Committee shall compile a report to shareholders on its activities to be included in the Company's Annual Report. The report should include:

a) the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;

b) an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans;

c) in the case of a Board not accepting the Committee's recommendation on the external auditor's appointment, reappointment or removal, a statement from the Committee explaining its recommendation and the reasons why the Board has taken a different position; and

d) an explanation of how auditor independence and objectivity are safeguarded, if the external auditor provides non-audit services.

6.4. The Committee shall:

a) have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

c) give due consideration to laws and regulations, the requirements of the Disclosure Guidance and Transparency Rules, the Prospectus Rules, the Listing Rules (to the extent that the Company voluntarily complies with them), the AIC Code, AIFMD requirements and any other applicable rules, as appropriate;

d) oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and

e) at least once a year, assist the Board's evaluation of the Committee's performance and review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

6.5. The Chairperson will ensure during the annual review of the Committee's performance or the appointment of a new member that the individual members possess the relevant skills and experience.