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If you have sold or otherwise transferred all of your Shares in Keystone Investment Trust plc (the “**Company**”) you should pass this document (but not any Form of Proxy) as soon as possible to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

KEYSTONE INVESTMENT TRUST PLC

*(Incorporated in England and Wales with registered number 00538179)
(An investment company within the meaning of section 833 of the Companies Act 2006)*

Recommended proposals for the appointment of a new investment manager and adoption of a new investment policy and Notice of General Meeting

Notice of a general meeting of the Company to be held at the offices of Invesco at 43-45 Portman Square, London W1H 6LY on 10 February 2021 at 1.00 p.m. is set out at the end of this document. Given the risks posed by the spread of COVID-19 and in accordance with the Corporate Insolvency and Governance Act 2020 and Government guidance, including the rules on physical distancing and limitations on public gatherings, physical attendance at the General Meeting will not be possible. Arrangements will be made by the Company to ensure that a minimum number of Shareholders required to form a quorum will attend the General Meeting in order that the meeting may proceed.

All Shareholders are encouraged to vote in favour of the Resolution to be proposed at the General Meeting and if the Ordinary Shares are not held directly, to arrange for their nominee to vote on their behalf. Given Shareholders and third parties will be unable to attend the General Meeting in person, **Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy to vote on their behalf.** To be valid, the Form of Proxy must be completed, signed and returned in accordance with the instructions printed thereon to be received by the Registrars, Link Group, as soon as possible and, in any event, by no later than 1.00 p.m. on 8 February 2021. You may appoint a proxy or proxies electronically by visiting www.signalshares.com and following the instructions. Proxies submitted via www.signalshares.com must be transmitted so as to be received by the Registrars by no later than 1.00 p.m. on 8 February 2021. If you hold your Ordinary Shares in uncertificated form (i.e. in CREST) you may vote using the CREST electronic voting service in accordance with the procedures set out in the CREST Manual (please also refer to the accompanying notes to the Notice of the General Meeting set out at the end of this document). Proxies submitted via CREST for the General Meeting must be transmitted so as to be received by the Registrars as soon as possible and, in any event, by no later than 1.00 p.m. on 8 February 2021.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 4 to 11 of this document and which recommends that you vote in favour of the Resolution to be proposed at the General Meeting. Your attention is drawn to the section entitled “Action to be Taken” on page 11 of this document.

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EXPECTED TIMETABLE

2021

Latest time and date for receipt of Forms of Proxy from Shareholders	1.00 p.m. on 8 February
General Meeting	1.00 p.m. on 10 February
Results of General Meeting announced	10 February

Notes

1. References to times in this document are to London time.
2. The dates set out in the expected timetable may be adjusted by the Company, in which event details of the new dates will be notified to Shareholders by an announcement made by the Company through a Regulatory Information Service.

PART 1

LETTER FROM THE CHAIRMAN

KEYSTONE INVESTMENT TRUST PLC

(Incorporated in England and Wales with registered number 00538179)

(An investment company within the meaning of section 833 of the Companies Act 2006)

Directors:

Karen Brade (*Chairman*)
Ian Armfield
Katrina Hart
William Kendall
John Wood

Registered office:

Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HH

20 January 2021

Dear Shareholder

Introduction and overview

On 7 December 2020, the Board announced that it had undertaken an extensive review of the Company's strategic direction and a competitive tender in relation to the Company's investment management arrangements. The Board further announced that as a result of this, it had decided, subject to contract and Shareholder approval, to appoint Baillie Gifford & Co Limited ("**Baillie Gifford**") to manage the Company using its Positive Change investment strategy, a global equity strategy which seeks to provide attractive investment returns while contributing towards a more sustainable and inclusive world.

The purpose of this document is to set out the background to and reasons for the Board's proposals, being to:

- (i) change the Company's investment objective and policy to incorporate two equally weighted objectives, being to generate long term capital growth and to contribute towards a more sustainable and inclusive world; and
- (ii) appoint Baillie Gifford as the Company's new investment manager, company secretary and administrator;

and to explain why the Board recommends you vote in favour of the Resolution to be proposed at the General Meeting.

As noted in detail below, the Board believes that the Proposals will have the following key benefits.

- Repositioning of the Company for long term success through investing in companies that are addressing critical challenges to ensure a more sustainable and inclusive world while meeting the demands of a wide range of investors who are seeking opportunities to invest in solutions to global challenges.
- Implementation of a differentiated investment objective and policy seeking to achieve attractive investment returns and a positive social and environmental impact.
- Appointment of Baillie Gifford, an experienced investment manager with a long investment trust heritage and a dedicated Positive Change team with a demonstrably strong ethos and performance record.
- Improved performance over the longer term and the ability to attract new investors to help increase the size of the Company.

Background

In August 2020, the Board appointed Stanhope Consulting to advise on strategic options for the Company. Given a number of challenging structural trends, the Board had started to question whether a UK focused mandate enables investors to capture the most compelling investment opportunities or makes best use of the Company's investment trust structure. The Board decided to investigate a fundamental change of approach for the Company, considering in particular the possibility of moving to a global all-cap strategy and adopting a comprehensive commitment to achieving positive impact.

As part of these considerations, the Board interviewed some of the leading investment management groups in the impact and sustainable investing sector. Baillie Gifford presented the most compelling proposal and, having consulted the Company's major Shareholders, the Board announced its intention to appoint Baillie Gifford as the Company's investment manager and for the Positive Change strategy to be implemented, tailored to take advantage of the Company's investment trust structure.

Change of investment objective and policy

The Company's current investment objective is to provide Shareholders with long term growth of capital, mainly from UK investments. The Company has sought to achieve this objective through investing predominantly in publicly listed companies in the UK.

However, the Board believes a move to a global all-cap strategy with a focus on achieving positive impact offers a more attractive investment opportunity for Shareholders.

It is proposed that, subject to Shareholder approval, the Company's investment objective and policy be changed to incorporate two equally weighted objectives, being to:

- generate long term capital growth with the aim of the NAV total return exceeding that of the MSCI AC World Index in Sterling terms by at least 2 per cent. per annum over rolling five-year periods; and
- contribute towards a more sustainable and inclusive world by investing in the equities of companies whose products or services make a positive social or environmental impact.

The Board believes this strategy, through investing in listed and private companies addressing critical challenges in areas such as social inclusion and education, the environment and resource needs, healthcare and quality of life and base of the pyramid, offers Shareholders the opportunity to create a more sustainable world for future generations while making attractive investment returns. Baillie Gifford believes that positive social and environmental change and long term investment returns go hand in hand and research, patience and good stewardship will be fundamental to Baillie Gifford's investment approach. Both the Board and Baillie Gifford see strong potential in combining Baillie Gifford's strength as an investment trust manager with the Positive Change investment strategy.

Both objectives are equally important. Therefore, in addition to the Company's Annual Report and Accounts, it is anticipated that the Company will publish an annual Impact Report in respect of each calendar year to provide Shareholders with an update on the progress that companies held within the portfolio have made, through their products and services, towards achieving its objective of contributing towards a more sustainable and inclusive world and showing the portfolio's overall contribution to the 17 UN Sustainable Development Goals. The first of these will be published in respect of the calendar year to 31 December 2021. The Positive Change impact report issued by Baillie Gifford in respect of the year to 31 December 2019 is available at www.magazinebailliegifford.com/PositiveChangeImpactReport2019.

In contrast to the open-ended Baillie Gifford Positive Change Fund, the Company's closed-ended structure will allow the Company, pursuant to the New Investment Policy, to invest in less liquid and private companies. It is intended to allocate, over time, a maximum of 30 per cent. of the gross assets of the Company (at the time of investment) to private companies where Baillie Gifford sees considerable opportunity.

The Company's existing investment objective and policy and the New Investment Policy are set out in full in Part 2 of this document.

The Listing Rules require any proposed material changes to the Company's published investment policy to be submitted to the FCA for prior approval; the FCA has approved the New Investment Policy. The Listing Rules also require Ordinary Shareholder approval prior to any material changes being made to the Company's published investment policy; this approval will be sought at the General Meeting. Any future material changes to the New Investment Policy will also require the prior approval of Ordinary Shareholders.

Change of investment management arrangements

Baillie Gifford's appointment

As indicated above, the Board interviewed some of the leading investment management groups in the impact and sustainable investing sector in seeking to establish who could best manage the Company under a global all-cap strategy with a comprehensive commitment to achieving positive impact. Following this competitive process, the Board concluded that Baillie Gifford offered the most attractive proposition and were impressed with the strength and depth of the proposal and the opportunity to create a differentiated product within the UK investment trust space. The Board therefore resolved to appoint Baillie Gifford as the Company's investment manager, company secretary and administrator, replacing the Company's existing providers, Invesco Fund Managers Limited and Invesco Asset Management Limited. The appointment of Baillie Gifford is conditional upon Shareholders voting in favour of the Resolution to adopt the New Investment Policy at the General Meeting. In addition, Baillie Gifford require certain operational transition steps to have been completed prior to its appointment. It is therefore expected that, subject to these conditions being met, Baillie Gifford's appointment will take effect from 11.59 p.m. on 10 February 2021.

Baillie Gifford is an independent fund manager with approximately £287 billion under management as at 30 September 2020 and is the largest manager of UK listed investment trusts and companies by assets, managing 11 investment trusts and 1 investment company.

Baillie Gifford will be paid an annual management fee, covering investment management, company secretarial and administration services based on the Company's market capitalisation to enhance alignment with Shareholder returns. The fee will be: (i) 0.70 per cent. up to and including the first £100 million of market capitalisation; plus (ii) 0.65 per cent. of market capitalisation on the next £150 million; plus (iii) 0.55 per cent. of market capitalisation in excess of £250 million. There will be no performance fee provisions. Baillie Gifford has agreed to waive its investment management fee for the first six months following its appointment as a contribution to the costs that the Company will bear in respect of the Proposals.

Baillie Gifford has also agreed to make a significant marketing contribution to the re-launch of the Company and will fund all investor marketing activity undertaken on behalf of the Company during the first year of its management. As a result, the Company will not incur any costs in relation to marketing the Company until 1 January 2022 at the earliest.

Baillie Gifford's Positive Change strategy

Positive Change is Baillie Gifford's only impact investing strategy. It is not currently available through an investment trust, a structure which the Board believes is well suited to the strategy's long term time horizon.

Baillie Gifford's Positive Change strategy has dual objectives: to generate attractive investment returns and contribute towards a more sustainable and inclusive world. Since its launch in January 2017, Baillie Gifford has made strong progress towards delivering on both objectives through the Baillie Gifford Positive Change Fund. Since inception, the Baillie Gifford Positive Change Fund has returned 35.8 per cent. per annum net of fees compared to the MSCI ACWI Index return of 10.8 per cent. per annum (3 January 2017 – 31 December 2020). Assets under management in Baillie Gifford's Positive Change strategy were in excess of £3 billion as at 31 December 2020.

Baillie Gifford's dedicated Positive Change team consists of seven investment and impact professionals. The Positive Change team is supported by four Portfolio Advisors based in other investment teams at Baillie Gifford. Kate Fox and Lee Qian will manage the Company's portfolio on a day-to-day basis. Kate joined Baillie Gifford in 2002 and is an Investment Manager and co-manager of the Baillie Gifford

Positive Change Fund, as well as a Partner of the firm. Lee joined Baillie Gifford in 2012 and is an Investment Manager and co-manager of the Baillie Gifford Positive Change Fund.

The Baillie Gifford Positive Change Fund can only invest in public companies, which tend to be more established businesses. Baillie Gifford believes that impact investing through listed equities is important in providing scalability and accessibility, and the value of patient ownership cannot be understated. However, Baillie Gifford also believes that a significant number of private companies have the potential to fit with the Positive Change philosophy. Investing in those businesses could deliver strong investment returns and enhance impact because capital goes directly towards earlier stage businesses, helping them to invest in research, hire people and grow their operations. Peter Singlehurst, head of Baillie Gifford's Private Companies team, will support the Positive Change team on private company investments.

Baillie Gifford's approach

After centuries of progress and advancement, humanity is now facing a number of challenges that must be addressed in order to place society on a path of sustainable development. Baillie Gifford believes that the best way for the investment community to contribute to this effort is through a positive and proactive approach, where investing is focused on companies that are addressing those challenges, rather than simply excluding companies that cause harm.

Baillie Gifford believes that companies that are solving those challenges should see rising demand for their products and services and are therefore natural growth companies. By focusing on a subset of those companies that enjoy sustainable competitive advantages and are run by committed management teams, Baillie Gifford believes that it should be able to deliver attractive investment returns over the long term.

Positive Change is a global strategy and therefore the universe of companies in which the Company could invest under the Positive Change strategy is large. There are roughly 13,000 listed stocks in this universe with a market capitalisation greater than \$500 million. In addition, Baillie Gifford believes that a significant number of private companies have the potential to fit with the Positive Change philosophy. However, Baillie Gifford will make no attempt to cover the whole universe, nor will it use quantitative screens to cut it down to a more manageable size. Instead, Baillie Gifford relies on a clear and consistent set of filters to focus its attention on the relatively small number of businesses that might be of interest to it. These filters flow naturally from the dual objectives of the Positive Change strategy and focus on the investee company's potential to: (i) address one of the four thematic global challenges outlined below; and (ii) build a profitable growing business.

Both of the objectives stated in the proposed New Investment Policy are equally important and Baillie Gifford aims to measure both over periods of at least five years. In terms of the first objective, it is key for both the Board and Baillie Gifford that the Company aims to deliver attractive investment returns. In broad terms, Baillie Gifford will look for companies with the potential to double in value over a five-year period, while still having significant growth prospects thereafter. Patience is required to tolerate short-term volatility, which Baillie Gifford embraces in order to generate superior long-term financial returns. Baillie Gifford expects the Company's portfolio of 30 to 60 companies to be significantly different from the index, many of whose major constituents are likely to suffer from precisely the challenges that are outlined below. Whilst measuring portfolio returns relative to an index can be a helpful way to monitor the output of our investment process, Baillie Gifford does not consider the index when constructing the portfolio.

In terms of the second objective, it is also key for the Board and Baillie Gifford that the Company aims to deliver a positive impact. Baillie Gifford will look for companies for whom delivering a positive impact is core to their business; whose products and services represent a significant improvement to the status quo; and who conduct business with honesty and integrity. Baillie Gifford looks for areas where there is a meaningful, and widely-accepted, opportunity gap between the current situation and the desirable social and environmental outcome, and for companies that are proactively narrowing that gap through their business activities. The four impact themes identified by Baillie Gifford that the Company's portfolio will aim to address are detailed below together with an example investment case study in respect of each impact theme.

- *Social Inclusion and Education:* Income and wealth inequalities have risen significantly over the past 30 years and now threaten our acceptance of capitalism as a force for good. Baillie Gifford look for companies that are building a more inclusive society through business practices or products and services. Baillie Gifford also look for companies that are improving the quality or accessibility of education as they believe that the diffusion of skills and knowledge is one of the best tools to reduce inequality.

Case Study: MercadoLibre is Latin America's largest e-commerce platform and is emerging as a leader in the region's financial technology industry. It is a good example of a business using mobile and digital technologies to leapfrog legacy infrastructure and, in the process, reducing hurdles faced by small businesses and those living on low incomes. By making it easier and cheaper for businesses to trade, MercadoLibre's services are helping to reduce some of the barriers that have held back socio-economic development in Latin America. Penetration of e-commerce and financial technology in Latin America is still low so Baillie Gifford believe that the growth opportunity in these areas is attractive.

- *Environment and Resource Needs:* The environmental impact of human activities is increasing, and basic resources such as food and water are becoming scarcer. Throughout history, climate change and famine have repeatedly limited the development of nations. Left unresolved, those problems could jeopardise international relations, destabilise our society and damage our planet. Baillie Gifford are looking for companies that are improving our resource efficiency and reducing the environmental impact of our economic activities.

Case Study: Orsted develops, constructs and operates offshore and onshore wind farms, bioenergy plants and innovative waste-to-energy solutions. In order to avoid potentially catastrophic climate change, a profound transformation of global energy systems is required to move from fossil fuels to renewable sources. Orsted's vision is to help create a world that runs entirely on green energy. Baillie Gifford believe that offshore and onshore wind should experience strong growth over the coming decades as the world installs more renewable energy.

- *Healthcare and Quality of Life:* We are living longer but we are not necessarily healthier. We are richer but we are not necessarily happier. The stress of modern life is damaging our physical and mental health. Baillie Gifford are searching for companies that are actively improving the quality of life in developed and developing countries.

Case Study: Dexcom provides Continuous Glucose Monitoring (CGM) systems to help diabetes patients manage their condition. Patients wear a sensor placed under the skin that is attached with an adhesive patch; a transmitter is placed on top which transmits readings to a receiver or mobile device. Dexcom's system allows patients to better manage their condition within safe parameters and help prevent many of the long term medical complications associated with diabetes. Baillie Gifford believe that Dexcom has the opportunity to expand the patient population that it treats not only within those that already have diabetes but within the large number of people who are at risk of developing diabetes and could use CGM systems to make lifestyle adjustments to help prevent its onset.

- *Base of the Pyramid (addressing the needs of the poorest four billion people in the world):* Economic growth has led to improvements in living conditions in many parts of the world. However, the fruits of human ingenuity have not filtered down to everyone. Baillie Gifford are looking for companies that are addressing the basic and aspirational needs of the billions of people at the bottom of the global income ladder.

Case Study: Safaricom is a Kenyan based telecom operator and provider of mobile money service M-Pesa. M-Pesa enables customers to deposit, withdraw and transfer money and pay for goods and services using their mobile phones. M-Pesa is the dominant mobile payments system in Kenya, serving millions of users and contributing towards greater financial inclusion within a country where historically the majority of adults have had no access to formal financial institutions. Baillie Gifford believe that Safaricom has the opportunity for significant growth for the M-Pesa mobile payments system as well as in the more nascent areas of retail transactions and micro-loans.

Similar to financial returns, Baillie Gifford believes that making a meaningful positive impact on society requires patience and perseverance. Accordingly, it believes that a period of five years is a useful timeframe for assessing companies' social and environmental contributions.

Baillie Gifford's approach to investing in private companies has evolved naturally from its long history of investing in fast growing public companies. As in the public markets, Baillie Gifford is looking for exceptional private companies that can grow significantly over its long term investment horizon. As these companies choose to remain private for longer, they are growing to substantial scale, with well-developed business models, just like the fast-growing public companies in which Baillie Gifford has invested for decades. As such, Baillie Gifford's analysis of these companies' market opportunity, competitive advantages, management and culture, capital allocation, and long term return prospects is very similar to its public equity investing. Indeed, several of Baillie Gifford's private investments have gone on to become widely held holdings across Baillie Gifford's public equity strategies.

One of the key differences between Baillie Gifford's public company and private company investment processes lies in the sourcing of investment opportunities. Baillie Gifford's access to private investment opportunities comes from its reputation as a long term supportive shareholder of public and private companies, and its network of relationships with earlier stage investors and investee companies.

Benefits of the Proposals

The Board believes that the Proposals will have the following benefits for Shareholders.

- *Repositioning of the Company for long term success:* the Company will invest in companies that are addressing critical challenges to ensure a more sustainable and inclusive world for future generations. The focus on positive social and environmental change will also meet the demands of a wide range of investors who are seeking opportunities to invest in solutions to global challenges.
- *A differentiated investment objective and policy:* the global portfolio will consist of 30 to 60 public and private company securities with the dual objective of achieving attractive investment returns and making a positive impact. This will be a differentiated product, characterised by Baillie Gifford's long term time horizon and focus on identifying companies with strong growth potential and the ability to drive positive change through their products and services. The mandate, given its closed-ended structure, will also offer access to Baillie Gifford's significant experience in and access to less liquid and private company investments and will allow for the use of gearing.
- *Appointment of an experienced investment manager:* Baillie Gifford has approximately £287 billion under management as at 30 September 2020. It is the largest manager of UK listed investment companies by assets, managing 12 investment companies with combined assets of approximately £24 billion as at 30 September 2020. Baillie Gifford's dedicated Positive Change team consists of seven investment and impact professionals who are supported by four Portfolio Advisors based in other investment teams at Baillie Gifford. Baillie Gifford adopts a long term view with a typical investment horizon of five years and beyond and turnover of its Positive Change portfolio is expected to be typically no more than 20 per cent. per annum.
- *Future growth:* the Board believes that the change in investment manager and the adoption of the Positive Change investment strategy will deliver improved performance over the longer term. Over time this will attract new investors and help increase the size of the Company.

Change of name

The Board intends to change the name of the Company to "Keystone Positive Change Investment Trust PLC" following the General Meeting as it believes that Shareholders will benefit from association with the Positive Change brand, especially in respect of attracting new investors. The change of name is subject to the New Investment Policy being approved by Shareholders.

Dividends

The Company's current investment objective is to provide Shareholders with long term growth of capital although, due to the composition of the portfolio, Shareholders have also received a consistent dividend yield.

The Proposals, if approved by Shareholders, will result in returns from the Company's portfolio being generated predominantly from capital growth. The current level of dividend will therefore not be covered by the future investment income generated by the Company's portfolio and the Company expects to pay a significantly lower level of dividend in future. However, recognising the importance of income to some Shareholders there will be a transition period of approximately 12 months following implementation of the Proposals during which the Board intends to utilise the Company's reserves to support the dividend. This is intended to mitigate the impact on Shareholder income as a result of the Proposals in the short term. In respect of the Company's year ended 30 September 2020, the Board declared total dividends of 11.20 pence per Ordinary Share. The Board expects to maintain this dividend level in respect of the financial year to 30 September 2021.

Share buybacks and issuance

The Board notes that the discount to the NAV per Share at which the Shares have traded has narrowed since the announcement of the Proposals. As at close of business on 18 January 2021, the discount to the NAV per Share was 3.18 per cent. The Board will continue to review the discount or premium to NAV at which the Shares trade and, in recognition of the changed investment objective and policy, no later than three months following the implementation of the New Investment Policy consider and discuss with major Shareholders the need to address any short term imbalance of demand and supply through a return of capital, or buyback or issuance of Shares.

The Board will not have formal discount or premium targets at which Shares will be bought back or sold respectively. However, it will undertake to aid the efficient functioning of the market in its Shares in normal market conditions, by acting when a significant imbalance in supply and demand for the Shares exists. The Directors will seek powers to issue and buyback Shares each year, which can be used to help manage the liquidity in the Shares and enhance the NAV per Share.

Portfolio and Bank facility

In anticipation of the Proposals being implemented, the Board has instructed Invesco to commence the realisation of the less liquid quoted investments within the Company's portfolio, the aggregate value of which represented approximately 40 per cent. of the Company's portfolio at the time of announcement of the Proposals. To date the realisation process has progressed as envisaged and it is expected that the exercise will be substantially complete in advance of Baillie Gifford's appointment and the implementation of the New Investment Policy. As the realisation proceeds are received approximately 80 per cent. is being invested in a range of UK exposed exchange traded funds and approximately 20 per cent. is being used to pay down the outstanding debt facility.

The Company currently has a £40 million committed revolving credit facility provided by the Bank of New York Mellon, London Branch. This is due to mature on 5 February 2021 and having consulted with Baillie Gifford the Board currently has no intention of renewing this facility. As at 18 January 2021 £18.7 million remains outstanding under this facility which is expected to be repaid in full on or before 5 February 2021. Following implementation of the Proposals, the Board will liaise with Baillie Gifford regarding the arrangement of borrowing facilities consistent with the New Investment Policy.

General Meeting

The Proposals are subject to Shareholder approval. A notice convening the General Meeting which is to be held at the offices of Invesco at 43-45 Portman Square, London W1H 6LY on 10 February 2021 at 1.00 p.m. is set out at the end of this document. The Resolution will, if passed, replace the Company's current investment objective and policy with the New Investment Policy. The Resolution will be proposed as an ordinary resolution and will require the approval of Shareholders representing a simple majority of the votes cast at the General Meeting.

All Shareholders are entitled to vote at the General Meeting. In accordance with the Company's articles of association, all Shareholders entitled to vote and present in person or by proxy at the General Meeting shall upon a show of hands have one vote and upon a poll shall have one vote in respect of every £1.00 of nominal value held.

Given the risks posed by the spread of COVID-19 and in accordance with the Corporate Insolvency and Governance Act 2020 and Government guidance, including the rules on physical distancing and

limitations on public gatherings, physical attendance at the General Meeting will not be possible. Arrangements will be made by the Company to ensure that the minimum number of Shareholders required to form a quorum will attend the General Meeting in order that the meeting may proceed.

Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy to vote on their behalf as third party proxies will not be permitted to attend the General Meeting. This should ensure that your votes are registered.

If Shareholders do not vote in favour of the New Investment Policy, the Board will reassess the Company's strategic options for the future of the Company and will consult with the largest Shareholders.

The Board always welcomes questions from Shareholders and, given physical attendance at the General Meeting is not possible, Shareholders are encouraged to submit any questions they have concerning the General Meeting or the proposed Resolution to the Board by email to investmenttrusts@invesco.com by 5.00 p.m. on 8 February 2021. Please put "KIT – General Meeting" in the subject heading of any email.

Action to be taken

All Shareholders are encouraged to vote in favour of the Resolution to be proposed at the General Meeting and if the Ordinary Shares are not held directly, to arrange for their nominee to vote on their behalf. Given Shareholders and third parties will be unable to attend the General Meeting in person, Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy to vote on their behalf.

Shareholders are requested to complete and return proxy appointments to the Registrar by one of the following means:

- (i) by logging on to www.signalshares.com and following the instructions; or
- (ii) by completing and signing the Form of Proxy in accordance with the instructions printed thereon and returning by post, by courier or by hand; or
- (iii) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in the notes to the notice of the General Meeting.

In each case, the proxy appointment must be received by the Company as soon as possible and, in any event, so as to arrive by no later than 1.00 p.m. on 8 February 2021. To be valid, the relevant proxy appointment should be completed in accordance with the instructions accompanying it and lodged with the Registrar by the relevant time.

Recommendation

The Board considers that the Proposals as set out in this document and the Resolution to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the General Meeting.

The Directors intend to vote in favour, or procure votes in favour, of the Resolution at the General Meeting in respect of their own beneficial holdings of Shares, which in aggregate amount to 74,382 Shares (representing approximately 0.12 per cent. of the issued Share capital (excluding Shares held in treasury) of the Company as at the date of this document).

Yours faithfully,

Karen Brade
Chairman

PART 2

PROPOSED NEW INVESTMENT POLICY

The full text of the Company's current investment objective and policy and proposed new investment objective and policy are set out below:

Current Investment Objective

To provide shareholders with long term growth of capital, mainly from UK investments.

Current Investment Policy

The portfolio is invested by the Manager so as to maximise exposure to the most attractive sectors and stocks within the UK stock market and, within the limits set out below, internationally. The Manager does not set out to manage the risk characteristics of the portfolio relative to the benchmark index and the investment process will result in potentially very significant over or underweight positions in individual sectors versus the benchmark.

The Manager controls stock-specific and sector risk by ensuring that the portfolio is always appropriately diversified. In depth, continual analysis of the fundamentals of investee companies allows the portfolio manager to assess the financial risks associated with any particular stock. The portfolio is typically made up of 50 to 80 stocks. If a stock is not considered to be a good investment, then the Company will not own it, irrespective of its weight in the index.

The Board has prescribed the following limits on the investment policy, all of which are at time of investment unless otherwise stated:

- no single equity investment in a UK listed company may exceed 12.5 per cent. of gross assets;
- the Company will not invest more than 15 per cent. of its assets in other listed investment companies;

Proposed Investment Objective

To:

- generate long term capital growth with the aim of the NAV total return exceeding that of the MSCI AC World Index in Sterling terms by at least 2 per cent. per annum over rolling five-year periods; and
- contribute towards a more sustainable and inclusive world by investing in the equities of companies whose products or services make a positive social or environmental impact.

Proposed Investment Policy

The Company invests predominantly in shares of companies of any size, any country and in any sector, whose products or behaviour make a positive impact on society and/or the environment in the investment managers' opinion. The Company will invest in companies addressing critical challenges in areas such as, but not limited to: social inclusion and education, healthcare and quality of life, environment and resource needs, and base of the pyramid. The shares in which the Company invests may be listed, quoted, or traded on any market, or shares in private companies.

The maximum direct investment in any one holding or fund is limited to 10 per cent. of the gross asset value of the Company, measured at the time of investment.

The portfolio will comprise between 30 and 60 public and private company securities. The maximum amount which may be invested in private company securities shall not exceed 30 per cent. of the gross asset value of the Company, measured at the time of investment.

The Company will at all times be invested in several sectors. While there are no specific limits placed on exposure to any one sector, the Company will at all times invest and manage the portfolio in a manner consistent with spreading investment risk.

Current Investment Policy

- the Company will not invest more than £12 million in bonds, with a maximum of £1.5 million in any issue;
- the Company will not normally invest more than 5 per cent. of gross assets in unquoted investments;
- the Company will not normally invest more than 20 per cent. (previously 15 per cent.) of its equity investments in companies that are not UK listed and incorporated; and
- borrowing may be used by the Company to create gearing within limits determined by the Board.

Proposed Investment Policy

With prior approval of the Board, the Company may use derivatives for the purposes of efficient portfolio management in order to reduce, transfer or eliminate investment risk in the Company's portfolio and for gearing purposes. Derivative instruments in which the Company may invest may include foreign exchange forwards, exchange-listed and over-the-counter options, futures, options on futures, swaps and similar instruments. The Company does not intend to enter into derivative or hedging transactions to mitigate against general currency or interest rate risk.

The Company will not invest more than 15 per cent. of its gross assets in other investment companies or investment trusts which are listed on the Official List.

The Company intends to employ gearing to seek to enhance long term capital growth and for the purposes of capital flexibility and efficient portfolio management. The Company may be geared through bank borrowings, the use of derivative instruments that have the effect of gearing the Company's portfolio, and any such other methods as the Board may determine. Gearing will not exceed 25 per cent. of the gross asset value of the Company, although the Board expects that gearing will typically not exceed 10 per cent. of the gross asset value of the Company, in both cases calculated at the time of drawdown of the relevant borrowings or entering into the relevant transaction, as appropriate.

While it is intended that the Company will be fully invested in normal market conditions, the Company may hold cash on deposit or invest on a temporary basis in a range of cash equivalent instruments. There is no restriction on the amount of cash or cash equivalent instruments that the Company may hold.

Any material change in the Company's investment policy will require the approval of shareholders at a general meeting. In the event of a breach of the Company's investment policy, the Directors will announce through a Regulatory Information Service the actions which will be taken to rectify the breach.

PART 3

RISKS ASSOCIATED WITH THE PROPOSALS

Shareholders should consider carefully all of the information set out in this document including, in particular, the risks associated with the Proposals described below prior to making any decision as to whether to vote in favour of the Resolution.

The Company's business, financial condition or operations could be materially and adversely affected by the occurrence of any of the risks described below. In such circumstances, the market price of the Shares could decline and investors could lose all or part of their investment. In particular, Shareholders should note that the past performance of the Shares should not be used as a guide to their future performance.

Additional risks and uncertainties which were not known to the Board at the date of this document or that the Board considers at the date of this document to be immaterial (based on the assumption that the Resolution is passed at the General Meeting) may also materially and adversely affect the Company's business, financial condition or results or prospects.

Shareholders should be aware of the following considerations relating to the New Investment Policy, the appointment of Baillie Gifford and the Company:

- There can be no guarantee that the investment objective of the Company will be achieved or that any appreciation of the Company's assets will occur.
- The Company's past investment performance is not a reliable indicator of its future investment performance.
- Under the New Investment Policy the Company will invest in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.
- Under the New Investment Policy the Company will have exposure to foreign currencies and changes in the rates of exchange will cause the value of any investment, and income from it, to fall as well as rise and you may not get back the amount invested.
- Under the New Investment Policy the Company will invest in companies whose products or behaviour make a positive impact on society and/or the environment. This means the Company will not invest in certain sectors and companies and the universe of investments available to the Company will be more limited than other funds that do not apply such criteria. The Company therefore may have different returns from a fund which has no such restrictions. There is also a risk that the positive contribution of the investments falls short of expectation, and in worst cases, that the companies have a negative impact.
- The Company may make investments in unlisted companies. These assets may be more difficult to value and to buy or sell and as such changes in their prices may be greater. If the Company is unable to realise its unlisted investments, it could result in significant losses for the Company which would impact the returns to Shareholders.
- Changes in economic conditions (including, for example, changes in interest rates, rates of inflation, industry conditions and competition), political, diplomatic, social and demographic events and trends, tax laws and other factors such as the COVID-19 pandemic could substantially and adversely affect the value of the Company's portfolio and, as a consequence, the Company's investment performance, Share price and prospects.
- Any change in the Company's tax status, or in taxation legislation or in the interpretation or application of taxation legislation, could affect the value of investments held by the Company, the Company's ability to achieve its investment objective, the ability of the Company to provide returns to Shareholders and/or alter the post-tax returns of Shareholders.

- As a consequence of the portfolio realignment pursuant to the Proposals, Shareholders may have reduced levels of market exposure during the transition period due to the time required to realise the Company's existing investments and the time needed to make investments in accordance with the New Investment Policy.

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all risks and significant considerations relating to the Proposals and the Company. Accordingly, additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business, financial condition or results or prospects.

DEFINITIONS

Unless the context otherwise requires, the following words and expressions have the following meanings in this document:

Baillie Gifford	Baillie Gifford & Co Limited, a company incorporated in Scotland with registered number SC069524
Baillie Gifford Positive Change Fund	the Baillie Gifford Positive Change Fund, a sub-fund of the Baillie Gifford Investment Funds ICVC, (FCA Product Reference Number: 764976)
Board	the board of Directors of the Company or any duly constituted committee thereof
Business Day	any day other than a Saturday, Sunday or public holiday in England and Wales
Companies Act	the Companies Act 2006, as amended
Company	Keystone Investment Trust plc, a company incorporated in England and Wales with registered number 00538179
CREST	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations
CREST Manual	the compendium of documents entitled CREST Manual issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
CREST Sponsor	a CREST participant admitted to CREST as a CREST sponsor, being a sponsoring system participant (as defined in the CREST Regulations)
Directors	the directors of the Company
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
FCA	the Financial Conduct Authority of the United Kingdom including any replacement or substitute thereof, and any regulatory body or person succeeding, in whole or in part, to the functions thereof
Form of Proxy	the form of proxy for use by Shareholders at the General Meeting, which accompanies this document
FSMA	Financial Services and Markets Act 2000, as amended
General Meeting	the general meeting of the Company, notice of which is set out at the end of this document, at which the Resolution will be proposed to approve the New Investment Policy
Invesco	Invesco Fund Managers Limited, a company incorporated in England and Wales with registered number 00898166
London Stock Exchange	London Stock Exchange plc
Net Asset Value or NAV	the net asset value of the Company which shall be the total value of all of the assets of the Company less its liabilities as determined by the Board and calculated in accordance with the Company's accounting policies (for the avoidance of doubt, this includes accumulated revenue reserves and current period revenue and is after the deduction of any borrowings at their fair value)

Net Asset Value per Share or NAV per Share	the Net Asset Value divided by the number of Shares then in issue (excluding treasury shares)
New Investment Policy	the proposed new investment objective and policy of the Company set out in full in Part 2 of this document
Proposals	the proposals to appoint Baillie Gifford as the Company's new investment manager, administrator and company secretary and to adopt the New Investment Policy, details of which are set out in this document
Register	the register of Shareholders
Registrars or Link Group	Link Market Services Limited trading as Link Group, a company incorporated in England and Wales with registered number 02605568
Regulatory Information Service or RIS	any of the regulatory information services set out in Appendix 3 of the listing rules of the FCA
Resolution	the ordinary resolution to approve the adoption of the New Investment Policy to the exclusion of all others to be proposed at the General Meeting
Shareholders	holders of Ordinary Shares
Shares or Ordinary Shares	ordinary shares of 10 pence each in the capital of the Company
Sterling or £	the lawful currency of the United Kingdom
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
US Dollars or \$	the lawful currency of the United State of America

NOTICE OF GENERAL MEETING

KEYSTONE INVESTMENT TRUST PLC

(Incorporated in England and Wales with registered number 00538179)

(An investment company within the meaning of section 833 of the Companies Act 2006)

Notice is hereby given that a general meeting of Keystone Investment Trust plc (the “**Company**”) will be held at the offices of Invesco at 43-45 Portman Square, London W1H 6LY on 10 February 2021 at 1.00 p.m. to consider and, if thought fit, pass the following resolution, which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

THAT the proposed investment objective and investment policy set out in Part 2 of the circular to shareholders of the Company dated 20 January 2021, a copy of which has been produced to the meeting and signed by the chairman for the purpose of identification, be and are hereby adopted as the investment objective and investment policy of the Company to the exclusion of all previous investment objectives and investment policies of the Company with effect from the appointment of Baillie Gifford & Co. Limited as the Company’s investment manager, company secretary and administrator.

By order of the Board
Invesco Asset Management Limited
Company Secretary

Registered office:
Perpetual Park
Perpetual Park Drive
Henley-on-Thames
Oxfordshire RG9 1HH

Dated: 20 January 2021

Notes:

1. Given the risks posed by the spread of COVID-19 and in accordance with the Corporate Insolvency and Governance Act 2020 and Government guidance (including the rules on physical distancing and limitations on public gatherings in place as at the date of this Notice), physical attendance at the meeting will not be permitted. Arrangements will be made by the Company to ensure that a minimum number of shareholders required to form a quorum will attend the meeting in order that the meeting may proceed.
2. A member is entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote on their behalf. A proxy need not be a member of the Company. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. However, given shareholders and third parties will be unable to attend the meeting in person, shareholders are strongly encouraged to appoint the Chairman of the meeting as their proxy to vote on their behalf.
3. A form of proxy for use by shareholders is enclosed with this document. To be valid, the form of proxy should be lodged by one of the following methods:
 - via the Link Group website www.signalshares.com; or
 - in hard copy form (together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority) by post, by courier or by hand to the Company’s registrars, Link Group, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF; or
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures noted below,and in each case to be received by the Company no later than 48 hours (excluding non-working days) before the time of the meeting or any adjourned meeting.
4. Only those shareholders having their names entered on the Company’s share register not later than 6.30 p.m. on 8 February 2021 or, if the meeting is adjourned, 6.30 p.m. on the day which is two days (excluding non-working days) prior to the date of the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Company’s share register after that time shall be disregarded in determining the rights of any shareholder to attend, speak and vote at the meeting, notwithstanding any provision in any enactment, the Articles of Association of the Company or other instrument to the contrary.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the website www.euroclear.com. CREST personal members or

other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company’s Registrar (ID RA10) no later than 1.00 p.m. on 8 February 2021 (or in the event the meeting is adjourned no later than 48 hours (excluding non-working days) before the time of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company’s Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
7. CREST members and, where applicable, their CREST Sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST Sponsors or voting system provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
8. The Company may treat as invalid a CREST Proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
9. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 (“**Nominated Persons**”). Nominated Persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies in notes 2, 3 and 5 above does not apply to Nominated Persons. The rights described in these notes can only be exercised by members of the Company.
10. As at close of business on 18 January 2021 (being the latest practicable date prior to publication of this document), the Company’s issued share capital comprised 67,593,995 ordinary shares of 10 pence each (of which 5,778,363 shares were held in treasury) carrying one vote for every £1.00 of nominal value held. Therefore the total number of voting rights in the Company as at close of business on 18 January 2021 was 6,181,563.
11. Any person holding 3 per cent. or more of the total voting rights in the Company who appoints a person other than the Chairman as his/her proxy will need to ensure that both he/she and such third party complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules. However, please note that as the meeting is being held as a closed meeting, your vote will not be counted where a proxy other than the Chairman of the meeting is appointed as additional third parties will not be permitted entry to the meeting.
12. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.
13. Under section 319A of the Companies Act 2006, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:
 - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
14. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this notice (or in any related documents including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
15. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.invesco.co.uk/keystone.

