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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to consult an independent financial adviser authorised under FSMA immediately.**

A copy of this document, which comprises a prospectus relating to Strategic Equity Capital plc prepared in accordance with the Prospectus Rules, has been filed with the FSA in accordance with Rule 3.2 of the Prospectus Rules.

Applications have been made to the UK Listing Authority for the Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the admission of such Ordinary Shares to trading on its market for listed securities. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 19 July 2005.

The Directors of the Company, whose names appear on page 43, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

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# **STRATEGIC EQUITY CAPITAL PLC**

*(incorporated in England and Wales under the Companies Act 1985 with registered no. 05448627)*

Placing of 70,400,000 Ordinary Shares  
of 10p each at 100p per Ordinary Share

Managed by

**SVG Investment Managers Limited**

Sponsored by

**Close Brothers Securities**

13 July 2005

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Close Brothers Securities, a division of Winterflood Securities Limited which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and for no-one else in relation to the Placing. Close Brothers Securities will not be responsible to anyone other than the Company for providing the protections afforded to customers of Close Brothers Securities or for providing advice in relation to the Placing.

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful.

Prospective investors should carefully consider the risk factors set out on pages 7 to 10 of this document before taking any action.

## SUMMARY

### **THE FOLLOWING INFORMATION IS EXTRACTED FROM, AND SHOULD BE READ AS AN INTRODUCTION TO AND IN CONJUNCTION WITH, THE FULL TEXT OF THIS PROSPECTUS.**

*Any investment decision relating to the Placing should be based on the consideration of this prospectus as a whole. Where a claim relating to information contained in this prospectus is brought before a Court, a plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this prospectus before legal proceedings are initiated. Civil liability attaches to those persons who are responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with other parts of this prospectus.*

#### **The Company**

Strategic Equity Capital plc was incorporated in England and Wales on 10 May 2005 with an indefinite life and, after the date of Admission, will be a new investment trust. Its capital is denominated in sterling and, from Admission, will consist of a single class of Ordinary Shares which will be admitted to the Official List and traded on the London Stock Exchange. The Company, which has raised £70.4 million through the Placing, has appointed SVG Investment Managers Limited to act as its investment manager.

#### **Investment objective**

The investment objective of the Company is to achieve absolute returns (i.e. growth in the value of investments) rather than relative returns (i.e. attempting to out-perform selected indices) over a medium-term period, principally through capital growth.

#### **Investment policy**

The Company will invest primarily in securities listed on the Official List that the Manager believes are undervalued and could benefit from strategic, operational or management initiatives. The Company will also have the flexibility to invest up to 20 per cent. of the Company's gross assets at the time of investment in securities listed or traded on other recognised stock exchanges and up to 20 per cent. of the Company's gross assets at the time of investment in unlisted securities and in any class of debt or equity-related instrument. It is anticipated that the Company will predominantly invest in securities listed on the Official List.

The maximum investment in any single investee company will be no more than 15 per cent. of the Company's gross assets at the time of investment. Once fully invested, the Company expects that the majority of the value of its portfolio of investments will be represented by securities issued by between ten and 15 issuers operating in a number of industries. The Manager expects that the Company will, typically, hold an investment for a period of two to five years.

It is the Manager's intention that the portfolio will typically be fully invested. However, given the strategic nature of the Company's investment policy, it is likely that the proceeds of the Issue will not be fully invested for a period following Admission, and at certain times thereafter. It is intended that proceeds not invested in investee companies will be invested in cash or near-cash instruments in accordance with the investment restrictions set out in Part II.

The Company reserves the right to enter into derivative transactions for the purposes of efficient portfolio management, although it is not the Board's present intention to do so.

Any material change in the Company's investment objective or investment policy will only be made if approved by an ordinary resolution of Shareholders in general meeting.

#### **Investment opportunity**

The Company believes there is currently an opportunity to invest in listed UK companies that, in the opinion of the Manager, are undervalued and could benefit from strategic, operational or management initiatives. The Manager believes this opportunity has arisen for several reasons, including:

- small and mid-cap companies are typically relatively under-researched; and
- public market investors are often unwilling to invest in historically poorly performing companies even where there is evidence of underlying value.