UKLA Technical Note

Acquiring assets during investment trust rollovers

Ref: UKLA / TN / 401.1

LR 15.5.2R

When an investment trust comes to the end of its life, it is common for investors to be offered the opportunity to 'roll over' their investment into a new vehicle. The new vehicle will generally acquire assets from the winding-up vehicle pro-rata to the demand for the roll-over option and then issue shares to those investors taking that option.

Where the rollover option is a premium listed closed ended investment fund, the question of whether to treat the existing listed issuer's acquisition of assets from the vehicle being wound up as a classifiable acquisition arises. This is important as these acquisitions often exceeded 25% of the acquirer and could trigger a requirement for a class 1 circular.

In these situations, LR 15.5.2R will apply. Provided we are satisfied that the assets acquired by the existing listed vehicle are indeed within the scope of its published investment policy, we will take the view that these transactions will directly fall under the exemption in LR 15.5.2R and will not be classifiable.