

Keystone Positive Change Investment Trust plc
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6 January 2025

Posting of Circular and Notice of Requisitioned General Meeting called by Saba Capital Management, L.P.

**THE DIRECTORS URGE SHAREHOLDERS
TO VOTE AGAINST ALL THE REQUISITIONED RESOLUTIONS**

The Board of Keystone Positive Change Investment Trust plc (the "**Company**") announces that it has today published a circular (the "**Circular**") setting out details of the Company's response to the letters and accompanying notices dated 18 December 2024 from Barclays Capital Securities Client Nominees Limited, acting as nominee of Saba Capital Management, L.P. and why the Board believes Shareholders should **VOTE AGAINST ALL** of the proposed Requisitioned Resolutions.

The Circular contains a Notice of Requisitioned General Meeting to be held at the offices of Deutsche Numis, 45 Gresham Street, London EC2V 7BF on 3 February 2025 at 12 noon.

YOUR VOTE IS VERY IMPORTANT. The Requisitioned Resolutions are each being proposed as ordinary resolutions. This means that they only require more than 50 per cent of the votes cast to be voted in favour in order to pass. Saba has declared interests in approximately 28 per cent. of the Company's issued Ordinary Share capital. Therefore, the Board believes that other Shareholders representing at least 30 per cent. of the Company's issued Ordinary Share capital are required to **VOTE AGAINST** the Requisitioned Resolutions in order to ensure they are blocked. **FAILURE TO TAKE ACTION MAY LEAD TO SABA TAKING CONTROL OF YOUR COMPANY.**

Karen Brade, Chair of Keystone Positive Change plc, said:

"We are appalled by Saba's actions and conduct. We believe its proposed resolutions would be highly detrimental to the interests of all other shareholders. Be under no illusion - we believe this US hedge fund manager is acting opportunistically, seeking to seize control of the Board without a controlling shareholding, to pursue its own agenda. We believe Saba's plan lacks transparency, would flagrantly disregard good governance, and may introduce substantially inflated fees. The proposed resolutions are not in the best interest of all shareholders and create significant uncertainty."

"In absolute contrast to Saba, your Board has actively engaged with shareholders in recent months to understand their priorities and concerns. In response, we have put forward a credible plan that reflects the feedback received, and aligns with Saba's own prior request for a cash exit by Q1 2025. Our plan offers shareholders clear choices: an uncapped cash exit; a transfer to a more liquid fund pursuing a similar investment strategy, or a combination of both."

"Your Board remains unwavering in its rejection of Saba's proposals. Given Saba's considerable voting position, every vote against its resolutions is vital. We strongly urge all shareholders to vote against all resolutions - a high turnout is critical. Refraining from voting will risk ceding control of your Company to Saba."

The Board believes that **VOTING AGAINST** all the Requisitioned Resolutions is in the best interests of Shareholders as a whole for the following reasons:

- 1. The Board has already proposed a credible plan that provides choice and certainty for ALL Shareholders**
 - Following its consultation with a broad group of Shareholders, including Saba, the Board proposed a section 110 scheme of reconstruction and winding-up of the Company (the "**Scheme**") that will, if implemented, provide Shareholders with the option to either: (a) realise their investment in the Company by way of an uncapped cash exit; or (b) rollover their investment in the Company in a tax-efficient manner into the Baillie Gifford Positive Change Fund.
 - The Board retains a high degree of conviction in Baillie Gifford's Positive Change strategy which seeks to generate attractive long term capital returns and to contribute towards a more sustainable and inclusive world. The Scheme's rollover option into the Baillie Gifford Positive Change Fund enables Shareholders who so wish to retain their exposure to its impact strategy.
 - The Board's decision to propose the Scheme was taken in order to address the small size of the Company, the low liquidity in the Ordinary Shares and the discount at which the Ordinary Shares have been trading relative to the Company's Net Asset Value per Ordinary Share.
 - Saba, an activist US hedge fund manager which first declared an interest in the Company's Ordinary Shares in September 2023 and currently has declared interests of approximately 28 per cent., was approached as part of the Board's consultation exercise. Saba had advocated for a solution to return cash which the Board incorporated through proposing the Scheme with an uncapped cash exit. The Board notes that the cash option discount applied to the uncapped cash exit under the Scheme is only 1 per cent., which the Board believes to be competitive for a transaction of this nature.
- 2. Saba is now intent on disrupting the Scheme and taking control of the Company for its own commercial self-interest**

- Despite the prior engagement, Saba has now stated its intention to block the Board's proposal. This will cause additional costs, unnecessary delay and considerable uncertainty for all Shareholders.
 - In justifying its blocking of the Scheme, Saba has, in subsequent conversations, referred to concerns around the Scheme's method for crystallising value from the Company's private investments which only represented approximately 2.6 per cent. of the Company's portfolio as at 30 November 2024.
 - The Board is disappointed that Saba appears to be using this as an excuse to oppose the Scheme and is confident that the proposed orderly realisation of the Company's private investments is the optimum route to achieve best value for Shareholders.
 - The Board considers the disproportionate emphasis placed by Saba on the small number of private investments to be disingenuous, and an exercise in misdirection.
 - Instead of supporting the Scheme, Saba is intent on replacing the Company's five experienced, independent non-executive Directors, with its own two nominees, Paul Kazarian and John Karabelas (the "**Proposed Nominees**"). Were these Proposed Nominees appointed, this would result in 100 per cent. of the Company's board having been nominated by Saba, with one of the two Directors directly employed by Saba. This would give Saba effective control of the Company, without paying a control premium. Further, Shareholders should question whether these individuals would be capable of exercising independent judgement and making decisions based upon the interests of all Shareholders.
 - One of the two Proposed Nominees, Paul Kazarian, a partner at Saba, has also been nominated to act as a director at five of the six other UK investment trusts being targeted by Saba (the "**Targeted Trusts**"). This raises serious governance concerns and potential conflicts of interest, particularly given Saba has stated that, if it were to obtain the management mandate of the Company, its strategy would possibly include combining investment trusts, which the Board believes would include the Targeted Trusts. Your Board also questions whether Mr Kazarian, if appointed to each of these boards, would be able to devote sufficient time and effort to his duties to each of the Targeted Trusts so as to successfully and diligently discharge his fiduciary duties and other responsibilities.
 - Arrangements are being made for the Board to meet John Karabelas, Saba's other Proposed Nominee. From the information made available by Saba to date, the Board has concerns that Mr Karabelas lacks relevant experience in UK investment trusts, with a background in US institutional credit sales.
 - This is not the first time Saba has deployed aggressive tactics for its own gain. Saba has been involved in several public US lawsuits concerning closed-end funds, including those managed by BlackRock, Franklin Resources and Nuveen, among others, and has also recently been appointed as manager of two funds listed on the New York Stock Exchange. Saba's simultaneous attack on the Targeted Trusts suggests an expansion of its hostile strategy into Europe.
- 3. Saba has not offered a plan for the benefit of all Shareholders. Its proposal pays no heed to the Company's specific circumstances, is aimed at Saba being selected as the investment manager, and would likely come at significant expense to all Shareholders.**
- The Board has sought to engage constructively with Saba, including most recently by hosting a call with them on 2 January 2025. While reiterating its intention to vote the Scheme down, Saba failed to set out any alternative suggestions that the Board believes would be in the interests of all Shareholders.
 - Saba has publicly stated that, were the Proposed Nominees elected to act as Directors, the options to be assessed by the new Board would include Saba being selected as the Company's new investment manager, and the Company's investment mandate being changed to Saba's strategy of purchasing discounted trusts and/or combining the Company with other investment trusts.
 - The Directors have received limited information regarding Saba's proposal. However, it is clear that, in contrast to the Scheme:
 - Saba's proposed mandate bears no resemblance to the Company's current global impact mandate, to which a number of Shareholders have indicated that they wish to retain exposure; and
 - Saba's proposal does not offer an uncapped cash exit.
 - The Board is concerned that Saba's proposal may come with high costs, in terms of the costs already incurred in respect of the Scheme it is seeking to block, the costs of implementing its proposed changes, including terminating Baillie Gifford's management agreement, and the ongoing costs of its strategy.
- 4. If the Requisitioned Resolutions are blocked by Shareholders and the current Directors remain in office, they will continue to pursue the interests of Shareholders as a whole and specifically will remain committed to implementing an uncapped cash exit from the Company.**

The Board strongly recommends that Shareholders **VOTE AGAINST** each of the Requisitioned Resolutions to be proposed at the Requisitioned General Meeting, as the Directors intend to do in respect of their own beneficial interests in the Company's Shares.

A copy of the Circular has been submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> and on the Company's website at www.bailliegifford.com/KeystonePositiveChange-SabaDefence.

All Shareholders are encouraged to **VOTE AGAINST** each of the Requisitioned Resolutions to be proposed at the Requisitioned General Meeting and, if Shareholders do not hold their Ordinary Shares directly, to arrange for their nominee to **VOTE AGAINST** each of the Requisitioned Resolutions on their behalf. Shareholders who hold their Ordinary Shares through an investment platform provider or nominee are encouraged to contact their investment platform provider or nominee as soon as possible to arrange for **VOTES AGAINST** each of the Requisitioned Resolutions to be lodged on their behalf. If Shareholders have any questions as to how they can arrange for their investment platform provider or nominee to **VOTE AGAINST** each of the Requisitioned Resolutions or would like guidance on this process, they should email the Company's proxy solicitation agent at keystone@georgeson.com.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2025

Publication of the Circular	6 January
Latest time and date for lodging Forms of Proxy or submitting proxy instructions electronically or through CREST in respect of the Requisitioned General Meeting	12 noon on 30 January
Record time and date for entitlement to vote at the Requisitioned General Meeting	6.00 p.m. on 30 January
Requisitioned General Meeting	12 noon on 3 February

Notes

1. All references to time above are to London (UK) time, unless otherwise stated.
2. The times and dates set out in the expected timetable above may be adjusted by the Company, in which event details of the new times and/or dates will be notified, as required, to the FCA and the London Stock Exchange and, where appropriate, to Shareholders and an announcement will be made through a Regulatory Information Service.

FOR FURTHER INFORMATION PLEASE CONTACT:

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FURTHER DETAILS

Introduction

As announced on 18 December 2024, your Board has received a request to requisition a general meeting of the Company (the "**Requisition**") from Barclays Capital Securities Client Nominee Limited (the "**Requisitioning Member**") as nominee on behalf of Saba Capital Management, L.P. ("**Saba**"), an activist US hedge fund manager. At the time the Requisition was received, Saba held interests in approximately 29 per cent. of the Company's issued Ordinary Share capital, represented by a 5.7 per cent. holding of Ordinary Shares and a 23.6 per cent. holding through financial instruments. Saba subsequently declared, on 19 December 2024, that it held interests in approximately 28 per cent. of the Company's issued Ordinary Share capital.

For the reasons set out above and summarised below, your Board is firmly of the view that, in calling the Requisitioned General Meeting and proposing the Requisitioned Resolutions, Saba is attempting to disrupt the Board's credible, published plan for the winding up of the Company which involves an uncapped cash exit in order to pursue its own commercial self-interest to the detriment of the interests of Shareholders as a whole.

However, under the Companies Act, the Company is required to convene the Requisitioned General Meeting for the purpose of allowing Shareholders to consider and vote on the Requisitioned Resolutions. The Requisitioned Resolutions are, in summary, seven ordinary resolutions to:

- a) remove each of the current independent Directors of the Company from office; and
- b) appoint two individuals nominated by Saba, John Karabelas and Paul Kazarian (the "**Proposed Nominees**"), as Directors,

in each case with effect from the end of Requisitioned General Meeting. In order to be passed, each Requisitioned Resolution will require more than 50 per cent of the votes cast in person or by proxy to be voted in favour of it.

YOUR VOTE IS VERY IMPORTANT. YOU ARE STRONGLY ENCOURAGED TO VOTE AGAINST ALL THE REQUISITIONED RESOLUTIONS.

YOUR VOTE IS VERY IMPORTANT. The Requisitioned Resolutions are each being proposed as ordinary resolutions. This means that they only require more than 50 per cent of the votes cast to be voted in favour in order to pass. Saba has declared interests in approximately 28 per cent. of the Company's issued Ordinary Share capital. Therefore, the Board believes that other Shareholders representing at least 30 per cent. of the Company's issued Ordinary Share capital are required to **VOTE AGAINST** the Requisitioned Resolutions in order to ensure they are blocked. **FAILURE TO TAKE ACTION MAY LEAD TO SABA**

TAKING CONTROL OF YOUR COMPANY.

It is important that as many votes as possible are cast (whether in person or by proxy) in order for there to be a fair and reasonable representation of all Shareholders' opinion at the Requisitioned General Meeting. You are therefore strongly urged to complete, sign and return your Form of Proxy, or to appoint a proxy electronically (either through the share portal service or through CREST), as soon as possible.

Key considerations

As set out in detail in the Circular, your Board believes that it is in the best interests of all Shareholders that Shareholders **VOTE AGAINST** the Requisitioned Resolutions for the following reasons:

1. By proposing the Scheme, which is well advanced, your Board has already put forward a credible plan that provides choice and certainty for ALL Shareholders.
2. Despite prior engagement, Saba is now intent on disrupting the Scheme and taking control of the Company for its own commercial self-interest, proposing the replacement of the existing, independent Directors with its two Proposed Nominees. Shareholders should question, among other things, whether these individuals would be capable of exercising independent judgement and making decisions based upon the interests of all Shareholders.
3. Saba has not offered a plan for the benefit of all Shareholders. Its proposal pays no heed to the Company's specific circumstances, does not offer an uncapped cash exit, is aimed at Saba being selected as the investment manager to pursue its own strategy, and would likely come at a high cost to all Shareholders.
4. Saba has publicly stated that, were the Proposed Nominees elected to act as Directors, the options to be assessed by the new Board would include Saba being selected as the Company's new investment manager, and the Company's investment mandate being changed to Saba's strategy of purchasing discounted trusts and/or combining the Company with other investment trusts. This strategy bears no resemblance to the Company's current global impact mandate, to which a number of Shareholders have indicated that they wish to retain exposure and which the Scheme enables.

If the Requisitioned Resolutions are blocked by Shareholders and the current Directors remain in office, they will continue to pursue the interests of Shareholders as a whole and specifically will remain committed to implementing an uncapped cash exit from the Company.

Background to the Requisitioned General Meeting and the Requisitioned Resolutions

On 30 September 2024, the Board announced that, notwithstanding its confidence in the long-term prospects for Baillie Gifford's "Positive Change" strategy, which the Company has pursued since early 2021, it intended to put forward proposals for the winding-up of the Company pursuant to the Scheme that will, if implemented, provide Shareholders with the option to either: (a) realise their investment in the Company by way of an uncapped cash exit; or (b) rollover their investment in the Company in a tax-efficient manner into the Baillie Gifford Positive Change Fund.

This announcement followed a series of engagements with a broad range of Shareholders, including Saba, following which the Board concluded that the interests of all Shareholders would be best served by implementing a transaction in the near term to address the size of the Company, the low liquidity in the Ordinary Shares and the discount at which the Ordinary Shares have been trading relative to the Company's Net Asset Value per Ordinary Share, while enabling Shareholders to retain exposure to the Positive Change strategy should they wish.

The Board was disappointed by Saba's lack of substantive engagement with the Company following the 30 September announcement, and subsequently by its repeated refusal to be consulted on the specifics of the Scheme proposal before it was announced.

Absent such engagement, the Board proceeded, on 6 December 2024, to publish a detailed proposal for the Scheme, implementation of which is subject to, among other things, approval by Shareholders of certain resolutions to be put to Shareholders at the general meetings of the Company currently scheduled to be held on 27 January 2025 and 7 February 2025.

Given the Company's attempt to engage constructively with Saba throughout the period during which Saba has held an interest in the Company's Ordinary Shares, and the Board's proposal to implement the Scheme which, in part, reflected Saba's feedback that pushed for capital to be returned to Shareholders, the Board was appalled to be served with the Requisition on 18 December 2024. The Requisition was received as part of a co-ordinated attack by Saba against the seven Targeted Trusts: in an open letter to the shareholders of the Targeted Trusts, Saba explained that it intended to requisition each of the boards of the Targeted Trusts to convene general meetings by, at the latest, early February 2025 with a view to removing each of the Targeted Trusts' existing directors and appointing Saba nominated directors in their place. Saba also confirmed in this letter that its nominated directors, if elected to office, would consider terminating each of the Targeted Trusts' existing management contracts and offering liquidity near to net asset value, and that the newly constituted boards would then consider new managers, with Saba proposing itself to each board. Were Saba to be appointed as manager, Saba has confirmed it will follow an investment strategy of purchasing discounted investment trusts and/or combining the portfolios of investment trusts, which the Board believes would include the Targeted Trusts that it hopes to manage, in an attempt to achieve the benefits of scale. To this end, the Requisitioned Resolutions seek to remove each of the Company's experienced and independent Directors from office and replace them with Saba's Proposed Nominees.

The Company has since re-engaged with Saba, seeking to better understand its objections to the Scheme and also to investigate the potential for a compromise solution that would be in the interests of Shareholders as a whole. In this discussion Saba stated that its primary objection to the Scheme was dissatisfaction with the proposed orderly realisation of the Company's private investments, which the Directors find unconvincing given that these investments represented only 2.6 per cent. of the Company's portfolio as at 30 November 2024. As a result, and as set out in detail in the Circular, the Directors believe Saba's motivation is more likely driven by its desire to gain control of the Board for its own commercial self-interest.

In light of the above, the Board has decided to proceed without delay to convene the Requisitioned General Meeting to provide all Shareholders with the opportunity to determine the Company's future.

The Board strongly recommends that Shareholders VOTE AGAINST each of the Requisitioned Resolutions to be proposed at the Requisitioned General Meeting, as the Directors intend to do in respect of their own beneficial interests in the Company's Shares.

IMPORTANT INFORMATION

Unless the context provides otherwise, words and expressions defined in the Circular shall have the same meanings in this announcement.

END

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