

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt as to the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, or other independent professional adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or transferred all of your registered holding of Ordinary Shares, please forward this document and the accompanying form of proxy to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred part only of your registered holding of Ordinary Shares, please contact the stockbroker, bank or other agent through whom the sale or transfer was effected.

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# **EL ORO LTD.**

*(a non-cellular registered closed-ended investment company with liability limited by shares incorporated in Guernsey with registration number 49778)*

## **NOTICE OF ANNUAL GENERAL MEETING**

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The Company is a registered closed-ended investment scheme in accordance with Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended and the Registered Collective Investment Schemes Rules 2018.

Notice of the Annual General Meeting of El Oro Ltd. to be held at 41 Cheval Place, London SW7 1EW, United Kingdom on Thursday 20 December 2018 at 12 noon is set out at the end of this document. A form of proxy for use at the meeting is enclosed. To be valid, the form of proxy should be completed, signed and returned in accordance with the instructions printed thereon, to the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilion, Bridgwater Road, Bristol, BS99 6ZY as soon as possible but, in any event, so as to arrive no later than 18 December 2018 at 12 noon. The completion and return of a form of proxy will not preclude Members from attending and voting at the meeting should they so wish.

In this document, except where the context otherwise requires, the following expressions shall have the following meanings:

<b>“Annual General Meeting” or “AGM”</b>	the annual general meeting of the Company convened for 20 December 2018 at 12 noon;
<b>“Articles”</b>	the articles of incorporation of the Company, as amended;
<b>“Board” or “Directors”</b>	the board of directors of the Company;
<b>“Business Day”</b>	a weekday (other than a Saturday or Sunday) on which the majority of banks in London and Guernsey are open for normal banking business;
<b>“Company” or “El Oro”</b>	El Oro Ltd.;
<b>“JPME”</b>	JPMorgan Elect plc;
<b>“Members”</b>	holders of Ordinary Shares; and
<b>“Ordinary Shares” or “Shares”</b>	ordinary shares of no par value in the Company.

Other capitalised terms shall have the meanings ascribed thereto in the Articles.

## **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Latest time and date for receipt of forms of proxy	18 December 2018, 12 noon.
Annual General Meeting	20 December 2018, 12 noon.

# EL ORO LTD.

*(a non-cellular registered closed-ended investment company with liability limited by shares incorporated in Guernsey with registration number 49778)*

*Board of Directors:*

C. Robin Woodbine Parish  
J. Anthony Wild  
Robert E. Wade  
Rupert A.R. Evans  
Subbarayan B. Kumaramangalam

*Registered office:*

East Wing, Trafalgar Court  
St. Peter Port  
Guernsey  
GY1 3PP  
Channel Islands

*To Members of El Oro Ltd.*

30 November 2018

Dear Member,

## **Annual General Meeting and JPMorgan Elect plc Proposal (the “JPME Proposal”)**

### **Introduction**

I am writing to you today to give you notice of the AGM of the Company which will be held at 12 noon on Thursday 20 December 2018 at 41 Cheval Place, London SW7 1EW, United Kingdom, and of the JPME Proposal.

The purpose of the AGM is to consider four ordinary resolutions that are being proposed. The resolutions are set out in the Notice of Annual General Meeting at the end of this document. The ordinary resolutions relate to matters that occur annually and require no further explanation.

I am also writing to you to give you notice and an explanation of a new proposal that your Board has been exploring as an alternative to a liquidation of the Company. This proposal would offer a real choice to Members of cashing out or rolling over into a larger investment company with access to greater investment resource. This may offer greater flexibility to Members in terms of tax planning.

The Board has remained conscious of the concerns expressed by Members during 2016. These included the investment performance of the Company, the lack of liquidity in the Ordinary Shares and their widening discount to net asset value. These concerns were described in the Chairman’s letter giving notice of the annual general meeting of the Company held on 17 November 2016. The Board has studied a wide range of options for the future direction of the Company, having regard to the fact that the concerns referred to above remain.

The Company has repaid both the interest rate swap previously in place with Lloyds Bank plc and £11.00 million of loans, is currently debt free and holds a significant amount of cash. However, the share price of El Oro has under-performed the FTSE All Share Index by more than 12 per cent. in the period from 30 June 2016 to 30 June 2018 and the net asset value of El Oro has declined by 39 per cent. in the 10 years to 30 June 2018. El Oro’s dividend has only been covered by profits in three of the last five years. The Shares continue to be very illiquid and quoted at a substantial discount to net asset value.

### **JPMorgan Elect plc proposal (the “JPME Proposal”)**

One of the main options considered by the Board was a merger with another investment company to create greater scale and flexibility for Members. The Board, with the help of its advisers, held discussions with a number of potential merger parties. Following these discussions, the Directors have now entered into negotiations with JPMorgan Elect plc (“JPME”) (an investment trust company whose shares are admitted to the premium segment of the Official List, and to trading on the main market for listed securities, of the London Stock Exchange). The Board is pleased to announce that it has agreed heads of terms with the board of JPME, for JPME to provide a “rollover” option for Members. JPME provides investors with access to a number of different investment strategies, including one focussed on UK equity income, through a multi-share class structure. The Board believes this could appeal to Members.

JPME, which has total net assets of £369.6 million (as at 31 August 2018), has three share classes, and quarterly conversion between share classes is permitted. The investment objectives of the three classes, which the Board considers to be comparable to the Company's overall investment objective, are as follows:

- Managed Income – A growing income return with potential for long term capital growth by investing in equities, investment companies and fixed income securities (the “**Income Shares**”).
- Managed Growth – Long term capital growth from investing in a range of investment trusts and open-ended funds managed principally by JPMorgan Asset Management (the “**Growth Shares**”).
- Managed Cash – Preservation of capital with a yield based on short term interest rates (the “**Cash Shares**”).

The Board expects that each of the above share classes will be made available as rollover options for Members, with JPME Managed Income being the default. Each share class is listed separately and traded on the main market of the London Stock Exchange and JPME's shareholders are able to switch between the three share classes on a quarterly basis without incurring a liability to UK capital gains tax.

Members who want to rollover their El Oro Shares in a cost and tax efficient way can choose to rollover into new JPME shares.

Members who want to exit for cash with broadly the same amounts as they would have received on simple liquidation can choose the cash option.

Subject to final agreements being signed with JPME, the Board currently anticipates that appropriate circulars will be issued to Members during the first calendar quarter of 2019, with the restructuring likely to be completed before June 2019.

Under the proposed restructuring of the Company (as currently envisaged), Members will be asked to vote on proposals pursuant to which, in summary:

- Members are given an option of whether they wish to receive shares of JPME upon a winding up of the Company (and if so, which of certain classes of JPME shares they wish to receive) or whether they wish to receive cash (i.e. as they would have expected to in the course of a “normal” liquidation of the Company).
- Certain amendments are made to the Articles and to the Ordinary Shares of the Company to enable the Members to receive such class(es) of JPME shares (or cash) as they have elected.
- The Company is put into voluntary winding up; following which new shares of the relevant class of JPME are delivered to the relevant Members (in accordance with the election they made), with cash being delivered to those who elected to receive cash.
- Moneys are retained in a separate fund to cover liquidation expenses together with certain illiquid assets of the Company. All Members will receive cash from this fund once liquidation expenses have been paid and when such illiquid assets are realised.

It has been agreed that JPMorgan Funds Limited (“**JPMF**”), the manager of JPME, will meet the additional costs to be incurred by the Company, above those of a simple liquidation, as a result of including the tax efficient rollover options. JPMF has agreed to contribute towards the excess costs *pro rata* to the amount rolling over into their respective funds. Therefore the costs to be borne by the Company will be the amount which would have been incurred had the Company simply been placed into liquidation plus additional costs associated with the Members that elect for cash rather than rollover into JPME.

It is expected that Members' entitlements under the JPME Proposal will be based on the net asset value per El Oro Share less costs incurred by the Company in connection with the JPME Proposal. JPME will issue its new shares to those Members who elect for JPME shares at net asset value plus an issue premium of between 0.65 per cent. to 1.0 per cent. depending upon the value of the total assets rolled over into JPME.

Your Board considers that the JPME Proposal as outlined above is in the best interests of the Members as a whole. JPMorgan is a leading manager of investment funds with a proven record and with considerable resources at its disposal. The shares of JPME will provide Members with a flexible choice between the Income Shares, the Growth Shares or the Cash Shares or a combination of these. The shares of JPME are liquid and currently trade at prices close to Net Asset Value. Shares in El Oro, including those held in ISAs

and SIPP, should be able to be converted to shares in JPME without incurring a disposal for UK Capital Gains Tax. **It is for these reasons that the Board intends to recommend the JPME Proposal to Members.**

**Further information on JPME and full details of the terms of the JPME Proposal will be included in the documentation to be sent to Members in 2019.** However, Members are also encouraged to visit the website of JPME on <https://am.jpmorgan.com/gb/en/asset-management/gim/per/products/investment-trusts/jpm-elect-plc>

### **Annual General Meeting – 20 December 2018 at 12 noon – Proposed resolutions**

The ordinary resolutions that will be put to Members at the Annual General Meeting are:

1. To receive the Directors' report and the consolidated financial statements for the year ended 30 June 2018.
2. To re-appoint PricewaterhouseCoopers CI LLP as Auditor of the Company, to hold office until the conclusion of the next General Meeting at which financial statements are laid before the Company and to authorise the Directors to fix their remuneration.
3. To ratify the payment of a final dividend of 2.54 pence for the year ended 30 June 2018, as announced on 3 October 2018.
4. To authorise the Company generally and unconditionally to make market purchases within the meaning of Section 315 of the Companies (Guernsey) Law 2008, the authority for market acquisitions set forth in Article 4.7 of the Company's Articles of Incorporation be approved and restated on the basis that of its Ordinary Shares in the capital of the Company ("**Shares**") upon or subject to the following conditions:
  - (a) the maximum number of Shares hereby authorised to be purchased is 6,317,340;
  - (b) the maximum price at which Shares may be purchased shall be 5 per cent. above the average of the middle market quotations for the Shares as taken from The International Stock Exchange Daily Official List for the five Business Days preceding the date of purchase and the minimum price shall be 5 pence per share, in both cases exclusive of expenses; and
  - (c) the authority to purchase conferred by this Resolution shall expire on the date falling eighteen months after the date of this resolution or at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution, save that the Company may before such expiry enter into a contract of purchase under which such contract may be completed or executed wholly or partly after the expiration of this authority.

### **Action to be taken**

You will find enclosed with this document a form of proxy for use at the AGM to be held at 41 Cheval Place, London SW7 1EW, United Kingdom at 12 noon on 20 December 2018.

Whether or not you propose to attend the AGM in person, you are requested to complete and sign a form of proxy in accordance with the instructions printed on it and return it to the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilion, Bridgwater Road, Bristol, BS99 6ZY as soon as possible but, in any event, so as to arrive no later than 12 noon on 18 December 2018.

The completion and return of a form of proxy will allow you to cast your vote without having to attend the AGM in person, but it will not preclude you from attending the AGM and voting in person if you wish to do so.

**Recommendation**

Your Board considers that the above proposed ordinary resolutions are in the best interests of the Members as a whole. Accordingly the Board unanimously recommends that Members vote in favour of the ordinary resolutions to be proposed at the AGM.

Yours sincerely

**C. Robin Woodbine Parish**

*Chairman*

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Company's NINTH ANNUAL GENERAL MEETING and the ONE HUNDRED AND FOURTEENTH ANNUAL GENERAL MEETING OF THE EL ORO GROUP will be held on 20 December 2018 at 41 Cheval Place, London SW7 1EW at 12 noon for the following purposes:

### Ordinary resolutions:

1. To receive the Directors' report and the consolidated financial statements for the year ended 30 June 2018.
2. To re-appoint PricewaterhouseCoopers CI LLP as Auditor of the Company, to hold office until the conclusion of the next General Meeting at which financial statements are laid before the Company and to authorise the Directors to fix their remuneration.
3. To ratify the payment of a final dividend of 2.54 pence for the year ended 30 June 2018.
4. To authorise the Company generally and unconditionally to make market purchases within the meaning of Section 315 of the Companies (Guernsey) Law 2008, the authority for market acquisitions set forth in Article 4.7 of the Company's Articles of Incorporation be approved and restated on the basis that of its Ordinary Shares in the capital of the Company ("Shares") upon or subject to the following conditions:
  - (a) the maximum number of Shares hereby authorised to be purchased is 6,317,340;
  - (b) the maximum price at which Shares may be purchased shall be 5 per cent. above the average of the middle market quotations for the Shares as taken from the Channel Islands Stock Exchange Daily Official List for the five Business Days preceding the date of purchase and the minimum price shall be 5 pence per share, in both cases exclusive of expenses; and
  - (c) the authority to purchase conferred by this Resolution shall expire on the date falling eighteen months after the date of this resolution or at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution, save that the Company may before such expiry enter into a contract of purchase under which such contract may be completed or executed wholly or partly after the expiration of this authority.

The Board recommends that Members vote in favour of all ordinary resolutions.

### Registered Office

East Wing, Trafalgar Court  
St Peter Port  
Guernsey  
GY1 3PP

By Order of the Board  
Aztec Financial Services (Guernsey) Limited  
Company Secretary

30 November 2018



**Notes**

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a Member of the Company. A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude Members from attending or voting at the Meeting, if they so wish. A Member may appoint more than one proxy in relation to a Meeting, provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by them. A Member may appoint more than one proxy provided each proxy is appointed to exercise voting rights in respect of a different Share or Shares held by them.
2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited at the office of the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilion, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours before the time for holding the Meeting.
3. CREST members may utilise the CREST proxy appointment service by following the directions set out on the form of proxy. Completion and return of the form of proxy will not prevent a Shareholder from subsequently attending the meeting and voting in person if they choose to.
4. A Shareholder must first have their name entered on the register of Members not later than 12.00 noon. on 18 December 2018. Changes to entries in that register after that time shall be disregarded in determining the rights of a Shareholder to attend and vote at such meeting.

