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PROSPECTUS

of

**ABACO FUND ICVC**

A UK UCITS  
Open-Ended Investment Company

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Valid as at and dated 27 June 2025

This document constitutes the Prospectus for Abaco Fund ICVC (the **Company**) which has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook (**COLL**) published by the FCA as part of the FCA Handbook made under the Financial Services and Markets Act 2000 (the **Act**).

Thesis Unit Trust Management Limited

Authorised and regulated by the Financial Conduct Authority

FCA firm reference number: 186882

## **ABACO FUND ICVC**

***If you are in any doubt about the contents of this Prospectus you should consult your professional adviser authorised under the Financial Services and Markets Act 2000.***

**The Company is a UK UCITS established in the UK and will be marketed to the public in the UK. It is not intended that the Company will be marketed outside the UK.**

**The Authorised Corporate Director ("ACD"), Thesis Unit Trust Management Limited, is responsible for the information contained in this Prospectus. To the best of the ACD's knowledge and belief, (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus does not contain any untrue or misleading statement or omit any matters required by COLL to be included in it. The ACD accepts responsibility accordingly.**

**The distribution of this Prospectus and supplementary documentation and the offering of Shares may be restricted in certain countries. Any person wishing to apply for Shares should inform themselves as to the requirements within their own country for transactions in Shares, any applicable exchange control regulations and the tax consequences of any transaction in Shares.**

**The Shares have not been and will not be registered under the 1933 Act (as defined below) or any applicable securities laws of any state of the United States. They may not be offered or sold directly or indirectly in the United States, its territories and possessions, any state of the United States or the District of Columbia, or to US Persons. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of US law. The Company has not been and will not be registered under the 1940 Act (as defined below). The ACD has not been and will not be registered under the 1940 Act, as amended.**

**The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom.**

**In order to ensure compliance with the restrictions referred to above, the Company is, accordingly, not open for investment by any US Persons or ERISA Plans (as defined below) except in exceptional circumstances and then only with the prior consent of the ACD. A prospective investor may be required at the time of acquiring Shares to represent that such investor is a qualified holder and not a US Person or acquiring Shares for the account or benefit, directly or indirectly, of a US Person or with the assets of an ERISA Plan. The granting of prior consent by the ACD to an investment does not confer on the investor a right to acquire Shares in respect of any future or subsequent application.**

**This Prospectus does not constitute an offer or solicitation to anyone in any country in which such offer or solicitation is not lawful or authorised, or to any person to whom it is unlawful to make such offer or solicitation.**

**Purchases must be made on the basis of the information contained in the most recently published Prospectus and supplementary documentation including the latest annual and half-yearly Reports when issued which are available from the registered office of the ACD. Investors should check with the ACD that this is the most recently published version of the Prospectus.**

**Obligations have been imposed on financial sector professionals to prevent the use of funds such as the Company for money-laundering purposes. Within this context a procedure for the identification of subscribers is required. That is, the application form of a subscriber must be accompanied, in the case of individuals, by a copy of a passport or identification card and/or in the case of legal entities, a copy of its statutes and an extract from its commercial register (in the case of a non-UK entity any such copy must be certified to be a true copy by one of the following authorities: ambassador, consulate, notary, local police). Any such information provided is collected for money-laundering compliance purposes only. These specific requirements may be waived by the ACD where other suitable evidence is available which in its sole judgement allows the ACD to cover its obligations under money-laundering legislation.**

**Neither the ACD nor any of its officers, representatives or advisers shall be regarded as giving any advice, representation or warranty (express or implied) to any person in connection with the proposals contained in this Prospectus.**

**This Prospectus and its contents are confidential and should not be distributed or published in any circumstances. No part of this Prospectus may be reproduced, stored in a retrieval system or transmitted in any form or any means, electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the ACD.**

## **IMPORTANT INFORMATION**

### **GENERAL WARNING FOR INVESTORS**

**An investment in an open-ended investment company such as the Company should be regarded as a longer term investment. Investors should be aware that the price of Shares and the income from them can fall as well as rise. Past performance is not necessarily a guide to future performance. Investors may not get back the amount originally invested. Investments denominated in currencies other than the base currency are subject to fluctuations in exchange rates which can be favourable or unfavourable.**

### **Legal and Regulatory Risks**

Legal and regulatory (including taxation) changes could adversely affect the Company. Regulation (including taxation) of investment vehicles, such as the Company, are subject to change. The effect of any future legal or regulatory (including taxation) change on the Company is impossible to predict but could be substantial and have adverse consequences on the rights and returns of Shareholders.

### **Infectious diseases**

Infectious diseases that pose significant threats to human health may be highly disruptive to global economies and markets. The economic and market disruptions caused by infectious diseases could significantly impact the value of the Scheme Property of the Company and the value of distributions paid to Shareholders.

### **Conflicts of interest**

Transactions may be effected in which the ACD has, either directly or indirectly, an interest that may potentially involve a conflict of its obligation to the Company. Where a conflict cannot be avoided, the ACD will have regard to its fiduciary responsibility to act in the best interests of the Company and its investors. The ACD will ensure that investors are treated fairly and that such transactions are effected on terms which are not less favourable to the Company than if the potential conflict had not existed.

### **Exchange-Traded Funds**

Exchange Traded Funds (or ETFs) are usually open-ended collective investment schemes, the units of which track an index, a commodity or a basket of assets like an index, but are traded like a stock on regulated markets and investment exchanges.

An investment by the Company in ETFs generally presents the same primary risks as an investment in a collective investment fund. The Company investing in ETFs are exposed not only to movements in the value of the underlying asset but also to the risk that the issuer or counterparty gets into financial problems. In addition, an ETF may be subject to the following risks:

- (1) a discount of the ETF's shares to its net asset value;
- (2) failure to develop an active or liquid trading market for the ETF's shares. The lack of a liquid secondary market, in particular, may make it very difficult for the Company to sell the ETFs it holds and there can be no guarantee that a secondary trading market will develop;
- (3) the listing / relevant exchange halting trading of the ETF's shares;
- (4) failure of the ETF's shares to track the quoted reference index;

- (5) the re-weighting of; and
- (6) the holding of troubled or illiquid securities in the quoted reference index.

Certain of the ETFs in which the Company may invest are leveraged and this can cause their prices to be more volatile and their value to fall below the value of the underlying asset. The more the Company invests in leveraged ETFs, the more this leverage will increase any losses on those investments.

ETFs may involve duplication of management fees and certain other expenses, as the Company indirectly bears their proportionate share of any expenses paid by the ETFs in which it invests and whilst most ETFs quote an on-going charge figure or a total expense ratio, swap-based ETFs and currency hedged ETFs may have additional costs which are not included in these figures.

### **Exchange Traded Notes**

Exchange Traded Notes (or ETNs) are a type of unsecured, unsubordinated debt security, the returns of which are based on the performance of a market index minus applicable fees, combining both the aspects of bonds and Exchange Traded Funds and traded on a major exchange(s).

ETNs are subject to credit risk, including the credit risk of the issuer, and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market benchmark of strategy remaining unchanged. The general credit market environment can also affect the creditworthiness of the issuer, causing the value of the ETN to fluctuate significantly. Changes in interest rate conditions can also affect the value of the ETN. Generally, if interest rates fall, the value of these investments rises. Conversely, if interest rates rise, their value falls.

The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in tracked assets, and economic, legal, political, or geographic events that affect the underlying asset that is tracked (or referenced) in the ETN. Although most ETNs will quote an annual management charge ratio, this may not include all of the costs involved in running the investment and they do not always quote a total expense ratio figure.

### **Custody Risk**

The Depository may delegate the function of safekeeping of Financial Instruments to the Custodian, who may in turn appoint custody agents. The Depository or Custodian or custody agents may hold Financial Instruments in fungible accounts (meaning the assets are interchangeable) or omnibus accounts (resulting in accounts being combined). The use of omnibus accounts gives rise to a potential risk that there could be a shortfall in the Financial Instruments held in such an account should the total of the Financial Instruments be less than the aggregate entitlement of the Company. It is expected that such risks will be mitigated by the Custodian's trade matching and reconciliation processes, however in the event of an irreconcilable shortfall, the affected clients would bear the risk of any shortfall on a pro-rata basis and the Company may not recover all of its Financial Instruments.

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This document is the Prospectus of Abaco Fund ICVC. In this Prospectus the following words and expressions shall have the below meanings:

## 1. DEFINED TERMS

**"ACD"** the authorised corporate director holding office as such from time to time pursuant to the Rules and the ACD Agreement between the Company and the ACD, being Thesis Unit Trust Management Limited, and its successor or successors as authorised corporate director of the Company.

**"the Act"** the Financial Services and Markets Act 2000.

**"Approved Bank"** (in relation to a bank account opened for the Company):

- (1) if the account is opened at a branch in the United Kingdom;
  - (a) the Bank of England; or
  - (b) the central bank of a member state of the OECD; or
  - (c) a bank; or
  - (d) a building society; or
  - (e) a bank which is supervised by the Bank of England or the central bank or other banking regulator of a member state of the OECD; or
- (2) if the account is opened elsewhere:
  - (a) a bank in (1); or
  - (b) a bank which is regulated in the Isle of Man or the Channel Islands; or
- (3) a bank supervised by the South African Reserve Bank; or
- (4) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator,

as such definition may be updated in the FCA Glossary from time to time.

**"Business Day"** a weekday being Monday to Friday (excluding any public or bank holiday in England).

**"CASS"** the requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook, as amended or replaced from time to time.

**"CCP"** as defined in the FCA Glossary.

**"COLL"** or **"Sourcebook"** the Collective Investment Scheme Sourcebook issued by the FCA as amended or replaced from time to time.

**"Company"** Abaco Fund ICVC.

**"Custodian"** the person who provides custodian services to the Company, being The Northern Trust Company, and its successor or successors as custodian.

**"Data Protection Laws"** means all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances:

- (1) the UK GDPR;
- (2) the Data Protection Act 2018;
- (3) any laws which implement any such laws; and
- (4) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus); and

- (5) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws.

**“Depository”** NatWest Trustee and Depository Services Limited, the depository of the Company.

**“Depository Agreement”** the agreement between the Company, the ACD and the Depository regarding the appointment of the Depository.

**“EEA State”** a member state of the European Union and any other state which is within the European Economic Area.

**“Efficient Portfolio Management”** or **“EPM”** techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

- (1) they are economically appropriate in that they are realised in a cost effective way;
- (2) they are entered into for one or more of the following specific aims:
  - (a) reduction of risk;
  - (b) reduction of cost;
  - (c) generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.

**“Eligible Institution”** as defined in the FCA Glossary.

**“EMIR”** as defined in the FCA Glossary.

**“ERISA Plan”** (i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”); (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended; or (iii) an entity whose assets include plan assets by reason of a plan’s investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans).

**“FCA”** the Financial Conduct Authority or any other successor regulatory body.

**“FCA Glossary”** the glossary giving the meanings of the defined expressions used in the FCA Handbook.

**“FCA Handbook”** the FCA Handbook of rules and guidance, including COLL, as amended from time to time.

**“FCA Rules”** the rules contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements contained in COLL.

**“Financial Instruments”** as defined in the FCA Glossary.

**“Fund Accountant”** the person who provides fund accounting services, being Northern Trust Global Services SE, UK branch and its successor or successors as fund accountant to the Company.

**“Home State”** as defined in the FCA Glossary.

**“Instrument of Incorporation”** the instrument of incorporation constituting the Company, as amended from time to time.



**"International Tax Compliance Regulations"** the International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time.

**"Investment Manager"** each of J.P. Morgan SE, London Branch and Meridien Investment Management Limited.

**"Non-UCITS retail scheme"** an authorised fund which is not a UK UCITS, a qualified investor scheme or a long-term asset fund.

**"OECD"** the Organisation for Economic Co-operation and Development.

**"OEIC Regulations"** the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) as amended, or re-enacted from time to time.

**"PRA"** the Prudential Regulation Authority.

**"Register"** the register of Shareholders in the Company.

**"Regulations"** the OEIC Regulations and the FCA Handbook (including COLL).

**"Scheme Property"** the property of the Company to be given to the Depositary for safekeeping, as required by the FCA Rules.

**"Share"** or **"Shares"** a share or shares in the Company that may be in issue from time to time.

**"Shareholder"** a holder of registered Shares in the Company.

**"Sub-Investment Manager"** a sub-investment manager appointed by an Investment Manager.

**"SYSC"** the Senior Management Arrangement Systems and Controls sourcebook issued by the FCA pursuant to the Act, as amended or replaced from time to time.

**"UCITS"** an Undertaking for Collective Investment in Transferable Securities. This will include a UCITS scheme or an EEA UCITS scheme, as defined in the FCA Glossary.

**"UCITS Directive"** the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC), as amended.

**"UK AIF"** as defined in the FCA Glossary.

**"UK GDPR"** means Regulation (EU) 2016/679 as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as modified by the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019.

**"UK UCITS"** as defined in the FCA Glossary.

**"UK UCITS Regulations"** means the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 SI 2019/325 incorporating European directives or other European legislation relating to undertakings for collective investment in transferable securities into UK domestic law following the UK's withdrawal from the European Union.

**"United Kingdom"** or **"UK"** the United Kingdom of Great Britain and Northern Ireland.

**"United States"** or **"US"** the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

**"US Person"** means a person who is in either of the following two categories:

- (1) a person included in the definition of "U.S. person" under Rule 902 of Regulation S under the 1933 Act; or
- (2) a person excluded from the definition of a "Non-United States person" as used in Commodity Futures Trading Commission ("CFTC") Rule 4.7.

For the avoidance of doubt, a person is excluded from this definition of US Person only if they are outside both the definition of "U.S. person" in Rule 902 and the definition of "Non-United States person" under CFTC Rule 4.7.

**"1933 Act" and "1940 Act"** the United States Securities Act of 1933 (as may be amended or re-enacted) and the United States Investment Company Act of 1940 (as may be amended or re-enacted), respectively.

Headings used in this Prospectus are for convenience only and shall not affect their meaning or legal effect.

References in the main body of this Prospectus to paragraphs mean paragraphs in the main body of this Prospectus unless otherwise stated. Similarly, references in an Appendix to paragraphs mean paragraphs in the relevant Appendix unless otherwise stated.

References to the plural shall include the singular and vice versa.

Unless otherwise defined in the definitions below or elsewhere in this Prospectus, words or expressions defined in, or for the purposes of, the OEIC Regulations, the Act or the FCA Handbook shall bear the same meanings in this Prospectus.

References to statutes, statutory provisions or regulations (including any provision of the FCA Handbook) shall include those statutes, provisions, regulations, or provision of the FCA Handbook as amended, extended, consolidated, substituted or re-enacted from time to time and, in particular, references to Regulations and/or Directives of the European Union shall, where appropriate, include all domestic law and regulation enacted (or re-enacted) for the purpose of bringing such European Union law and regulation into domestic law and regulation.

## **2. MANAGEMENT & ADMINISTRATION**

### **Constitution**

The Company is an open-ended investment company with variable capital established pursuant to an authorisation order of the Financial Services Authority on 21<sup>st</sup> May 2003. The Financial Services Authority was superseded by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA") in 2013.

The Company was incorporated with registration number IC000235 and the FCA product reference number is 224766. The Company is a UK UCITS established in the UK and will be marketed to the public in the UK. It is not intended that the Company will be marketed outside the UK.

Shareholders are not liable for the debts of the Company.

The registered address and head office of the Company is Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP. This is the address for service of notices or other documents required or authorised to be served on the Company.

The base currency of the Company is pounds sterling.

The minimum share capital of the Company is £1,000,000 and the maximum share capital is £200,000,000.

### **Investor profile**

The Company is marketable to all retail investors. The investor must be able to accept the risk of losses. The Company may be appropriate for investors who can afford to set aside capital for at least five years.

### **Historical Performance**

The historical performance figures for the Company are set out in Appendix 1.

### **Winding up of the Company**

The circumstances in which the Company may be wound up are set out at the paragraph titled "General Information – Winding up".

### **Authorised Corporate Director**

The ACD is Thesis Unit Trust Management Limited, a private company limited by shares, incorporated in England and Wales under the Companies Act 1985 on 6 February 1998 with company number 3508646.

The ACD, for the purposes of COLL, is an authorised fund manager.

Registered and Head Office: Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP

Telephone number: 01243 531 234

Share Capital: Issued and paid up £5,673,167

Directors:	D W Tyerman	Chief Executive Officer
	S R Mugford	Finance Director
	S E Noone	Client Service Director
	D K Mytnik	Non-Executive Director
	V R Smith	Non-Executive Director
	C A E Lawson	Independent Non-Executive Director
	C J Willson	Independent Non-Executive Director
	N C Palios	Non-Executive Chair

All directors are also directors of ConBrio Fund Partners Limited and members of the governing body of TUTMAN LLP, both authorised fund managers within the same group as the ACD. D W Tyerman, S R Mugford and S E Noone perform senior management functions within those entities. D W Tyerman and S R Mugford also hold directorships of other companies within the Thesis group and perform senior management functions within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.

D K Mytnik, V R Smith and N C Palios also hold non-executive directorships of other companies within the Thesis group. They and C J Willson and C A E Lawson are not engaged in other business activities that are of significance to the Company.

The ACD is authorised and regulated by the FCA and is authorised to carry on certain permitted regulated activities in the United Kingdom in accordance with the Financial Services and Markets Act 2000 (the "Act"). The ACD is the sole director of the Company.

The address for the FCA is set out in Appendix 5.

The terms of the Agreement dated 5 June 2003 between the Company and the ACD (the "ACD Agreement") provide that the ACD manage and administer the Company in accordance with the Act and the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the "OEIC Regulations"), the Instrument of Incorporation and the contents of this Prospectus.

The Company may terminate the ACD Agreement immediately by notice in writing upon the occurrence of certain specified events, including where the ACD becomes insolvent or where the ACD ceases to be authorised to act as an authorised corporate director. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations.

The ACD may act as authorised fund manager to other regulated collective investment schemes. Details of these schemes, as at the date of this Prospectus, are set out in Appendix 4.

#### *Delegated functions*

The ACD has delegated the following functions to the parties listed below:

- (1) Investment management to the Investment Managers;
- (2) Registration services to the Registrar; and
- (3) Administration and fund accountancy services to the Administrator and Fund Accountant.

Further details are set out below. Refer to the paragraphs entitled "Investment Managers and Sub-Investment Managers", "Registrar" and "Administrator and Fund Accountant" respectively.

#### **Depositary**

The Depositary of the Company is NatWest Trustee and Depositary Services Limited, a private limited company registered in England and Wales with company number 11194605.

The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland.

The Depositary's registered and head office address is 250 Bishopsgate, London EC2M 4AA. The address of its office which handles matters relating to the Company is set out in Appendix 5.

The Depositary's principal activity is the provision of trustee and depositary services.

The Depositary is established in the UK and is authorised and regulated by the FCA to act as a depositary of a UK UCITS or a UK AIF.

#### *Duties of the Depositary*

The Depositary is responsible for the safekeeping of the Scheme Property, monitoring the cash flows of the Company and must ensure that certain processes carried out by the ACD are performed in accordance with the applicable rules and scheme documents.

#### *Terms of Appointment*

The appointment of the Depositary has been made under the terms of the Depositary Agreement between the Company, the ACD and the Depositary.

The Depositary Agreement provides that the Depositary be engaged to maintain the safe custody of the Scheme Property and to fulfil other duties required in the OEIC Regulations and COLL.

The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

Under the Depositary Agreement the Depositary has the power to appoint sub-custodians and may include in such appointment powers to sub-delegate. The Depositary has delegated custody of the Scheme Property to The Northern Trust Company (the "Custodian"). Contact details for the Custodian are set out in Appendix 5. The Custodian has, in turn, sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("sub-custodians").

A list of sub-custodians is set out in Appendix 3. Investors should note that the list of sub-custodians is updated only at each Prospectus review.

To the extent permitted by applicable law and the UK UCITS Regulations, the Depositary will not be held liable for any loss incurred by it, or through any of its agents in carrying out its obligations or functions, unless such loss arises as a direct result of the fraud, wilful default, negligence or intentional failure of the Depositary to properly fulfil its obligations under the Depositary Agreement.

The Depositary Agreement provides that the Depositary will be indemnified by the Company in respect of any liabilities suffered or incurred by the Depositary in the proper performance of its obligations and duties under the Depositary Agreement except in the case of fraud or negligent breach of the Depositary Agreement or of any applicable laws.

The Depositary Agreement may be terminated on six months' notice by the Company, the Depositary or the ACD or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary has taken place.

Details of the fees payable to the Depositary are set out in the "Charges and Expenses" section of this Prospectus.

#### *Conflicts of Interest*

The Depositary may act as the depositary of other authorised unit trusts or open-ended investment companies and as trustee or custodian of other collective investment schemes.

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company, one or more Shareholders, the ACD and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Rules and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

As the Depositary operates independently from the Company, Shareholders, the ACD and the Custodian, the Depositary does not anticipate any conflicts of interest arising between it and any of the aforementioned parties.

The Depositary is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as depositary.

#### *Updated Information*

Up-to-date information regarding the Depositary, its duties, its conflicts of interest and the delegation of its safekeeping functions will be made available to Shareholders on request.

### **Investment Managers and Sub-Investment Managers**

The ACD is responsible for the overall investment management and administration of the Company.

The ACD has delegated its day-to-day responsibility for investment management to J.P. Morgan SE, London Branch, authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA, under FCA FRN 755066, and to Meridiem Investment Management Limited, a private limited company registered in England and Wales under company number 12516583. The address for each Investment Manager is set out in Appendix 5.

#### **J.P. Morgan SE**

J.P. Morgan SE is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and is jointly supervised by the European Central Bank (ECB), BaFin and Deutsche Bundesbank. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the FCA's website.

J.P. Morgan is a global leader in financial services to corporations, governments, for-profit and not-for-profit institutions, and wealthy individuals. Through its private banking franchise, the firm delivers customised wealth management advice and solutions to wealthy individuals and their families, leveraging its broad capabilities in investing, estate planning, family office management, philanthropy, credit, fiduciary services, and special advisory services to help its clients advance toward their goals. The principal activities of J.P. Morgan SE, London Branch are private banking services.

#### **Meridiem Investment Management Limited**

Meridiem Investment Management Limited is authorised to carry on investment business in the United Kingdom by virtue of its authorisation and regulation by the FCA.

It is the remit of Meridiem Investment Management Limited to invest the part of the Scheme Property allocated to it in one or more investments consistent with the Company's investment objective.

The principal activities of Meridiem Investment Management Limited are fund management and investment advice.

#### *Terms of appointment*

The appointment of each Investment Manager has been made under an agreement between the ACD and the respective Investment Manager (the "Investment Management Agreement"). Each Investment Manager has full discretionary powers over the investment of the property of the Company subject to the overall responsibility and right of veto of the ACD. Each Investment Management Agreement is terminable without notice by the ACD and on three months' notice by the Investment Manager. Each Investment Management Agreement may also be terminated immediately by the ACD if it is in the interests of Shareholders.

The Investment Managers are authorised to deal on behalf of the Company. No commission is payable to the Investment Managers under their respective agreements with the ACD for any deal done or which could be done on behalf of the Company.

Each Investment Manager is required to comply with its own execution policy. A copy of each Investment Manager's execution policy is available on request from the ACD, or may be available from each Investment Manager's website (listed in Appendix 5).

### Sub-Investment Manager

J.P. Morgan SE, London Branch may appoint one or more Sub-Investment Managers to whom it may delegate all or part of the day-to-day conduct of its investment management responsibilities in respect of the Company. Sub-Investment Managers may be members of the same group of companies as the ACD, J.P. Morgan SE, London Branch, or third party companies. If more than one Sub-Investment Manager is appointed to the Company, J.P. Morgan SE, London Branch shall allocate the assets of the Company between the Sub-Investment Managers in such proportions as it shall, at its discretion, determine. J.P. Morgan SE, London Branch will monitor the performance of the Sub-Investment Manager(s) for the Company in order to assess the need, if any, to make changes/replacements. Shareholders will be notified of any such change appropriately. J.P. Morgan SE, London Branch has appointed JPMorgan Asset Management (UK) Limited as Sub-Investment Manager in respect of part of the day-to-day conduct of its investment management responsibilities.

The principal activity of JPMorgan Asset Management (UK) Limited is discretionary portfolio management and the giving of investment advice to the managers of authorised unit trusts and the authorised corporate directors and operators of open-ended investment companies. JPMorgan Asset Management (UK) Limited is authorised and regulated by the FCA.

The Sub-Investment Manager was appointed by an agreement between J.P. Morgan SE, London Branch and the Sub-Investment Manager, as amended from time to time, to manage a portion of the assets of the Company on a discretionary basis, subject to the terms of the relevant agreement and to the overall supervision of J.P. Morgan SE.

Details of the Sub-Investment Manager(s) appointed to the Company can also be found in Appendix 5.

### **Registrar**

The ACD has delegated the function of Registrar to Northern Trust Global Services SE, UK branch. The address, for Northern Trust Global Services SE, is set out in Appendix 5.

### **The Register**

The Register is kept and may be inspected at the Registrar's office located at 50 Bank Street, Canary Wharf, London E14 5NT.

### **Administrator and Fund Accountant**

Northern Trust Global Services SE, UK branch also handles certain administrative and fund accountancy functions as Administrator to the Company.

### **Auditors**

The Auditors of the Company are Grant Thornton UK LLP whose principal place of business address is set out in Appendix 5.

## **No Liability to Account**

Neither the Company, the ACD, the Depositary, the Investment Managers (or any associate of the same) or the Auditors is liable to account to either each other or to Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with:

- (1) dealings in the Shares of the Company; or
- (2) any transaction in the Scheme Property; or
- (3) the supply of services to the Company.

## **3. INVESTMENT AND BORROWING POWERS**

### **Investment Objective**

The investment objective of the Company is to provide capital growth, net of fees, from a diversified portfolio spread across global markets over 5 years on a rolling basis.

### **Investment Policy**

The Company will aim to achieve its objective through a diversified portfolio spread across global markets. There will be no emphasis placed on any particular economic, industrial or geographical sector.

The Company's exposure will be mainly to equities (at least 60%).

The Company may obtain this exposure directly or through investment in collective investment vehicles (regulated and unregulated which may include other schemes managed by the ACD, or the Investment Managers or an associate of the ACD or the Investment Managers).

The Company may also invest (directly or indirectly) in other transferable securities, such as bonds, money market instruments, deposits and cash or near cash investments. It may also gain exposure to alternative investments (i.e. commodities) via collective investment vehicles.

Normally, the Company will be fully invested save for an amount to enable ready settlement of liabilities (including redemption of shares) and efficient management of the Company both generally and in relation to its strategic objectives. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Company, there may be times when the Investment Managers consider stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased beyond the limits described above.

**In addition, the Company may enter into derivative transactions for Efficient Portfolio Management (including hedging), although its use is expected to be limited. The Investment Managers may invest in other collective investment vehicles that may use derivatives for investment purposes.**

The Company is actively managed, which means the Investment Managers decide which investments to buy and sell and when.

### *Performance Comparator*

The Company uses the ARC Private Client Indices, ARC Sterling Steady Growth PCI (GBP) benchmark for performance comparison purposes only. This benchmark is not a target benchmark and the Company is not constrained by it.

The ARC Sterling Steady Growth PCI (GBP) peer group is a risk based index that is designed to provide an accurate reflection of the actual returns an investor can expect for a given risk



appetite. For the ARC Sterling Steady Growth PCI (GBP) peer group the relative risk to equity markets is 60-80%. This peer group has been selected as a comparator because this risk is aligned with the Company's equity exposure as defined in the Company's investment policy.

The ACD reserves the right to change the benchmarks following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate. Shareholders will be notified of such a change through an update to the Prospectus and the change noted in the subsequent annual and half yearly reports.

## **Investment Powers**

### **General**

The Company will not maintain an interest in immovable property or tangible moveable property.

Normally, the Company will be fully invested save for an amount to enable ready settlement of liabilities (including redemption of Shares) and efficient management of the Company both generally and in relation to its strategic objectives. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Company, there may be times when the Investment Managers consider stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased beyond the limits described above.

### **Limitations on Type of Investments**

The Scheme Property of the Company must, except where otherwise provided in the rules in COLL 5, consist solely of any or all of: transferable securities, approved money-market instruments, units in collective investment schemes, derivatives and forward transactions, deposits and movable and immovable property that is essential for the direct pursuit of the Company's business, in accordance with the rules in COLL 5.2.

From time to time the Company may have a higher than usual level of liquidity if the ACD considers that to be in the interests of Shareholders.

Derivatives will be used only for hedging purposes and not more than 5% in value of the Scheme Property of the Company is to consist of warrants.

### **Transferable Securities**

- (1) A transferable security is an investment which is any of the following: a share, a debenture, an alternative debenture, a government and public security, a warrant or a certificate representing certain securities.
- (2) An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- (3) In applying (2) to an investment which is issued by a body corporate, and which is a share or a debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- (4) An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

- (5) The Company may invest in a transferable security only to the extent that the security fulfils the following criteria:
- (a) the potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;
  - (b) its liquidity does not compromise the ACD's ability to comply with its obligation to redeem Shares at the request of any qualifying Shareholder (see COLL 6.2.16 R (3));
  - (c) reliable valuation is available for it as specified in COLL 5.2.7A(1)(c);
  - (d) appropriate information is available for it as specified in COLL 5.2.7A(1)(d);
  - (e) it is negotiable; and
  - (f) its risks are adequately captured by the ACD's risk management process (please refer to paragraph 10(10) for details).
- (6) Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed to satisfy criteria (b) and (e) in paragraph (5) above.
- (7) A unit in a closed ended fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria set out in paragraph (5) above, and either:
- (a) where the closed ended fund is constituted as an investment company or a unit trust:
    - (i) it is subject to corporate governance mechanisms applied to companies; and
    - (ii) where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - (b) where the closed ended fund is constituted under the law of contract:
    - (i) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - (ii) it is managed by a person who is subject to national regulation for the purpose of investor protection.
- (8) The Company may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company provided the investment:
- (a) fulfils the criteria for transferable securities set out in paragraph (5) above; and
  - (b) is backed by or linked to the performance of other assets, which may differ from those in which the Company can invest.
- (9) However, where an investment in paragraph (8) above contains an embedded derivative component, the requirements of COLL 5 with respect to derivatives and forwards will apply to that component.

### **Approved Money-Market Instruments**

The Company may invest in approved money-market instruments.

- (1) An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.
- (2) A money-market instrument shall be regarded as normally dealt in on the money market if it:
  - (a) has a maturity at issuance of up to and including 397 days;
  - (b) has a residual maturity of up to and including 397 days;

- (c) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - (d) has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in (a) or (b) above or is subject to yield adjustments as set out in (c) above.
- (3) A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short timeframe, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder (see COLL 6.2.16 R (3)).
- (4) A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuation systems, which can fulfil the following criteria, are available:
- (a) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - (b) based either on market data or on valuation models including systems based on amortised costs.
- (5) A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD which would lead to a different determination.
- (6) (In addition to instruments admitted to or dealt in on an eligible market) the Company may invest in an approved money-market instrument provided it fulfils the following requirements:
- (a) the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - (b) the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.
- (7) The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:
- (a) the instrument is an approved money-market instrument;
  - (b) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with COLL 5.2.10CR; and
  - (c) the instrument is freely transferable.
- (8) The Company may invest in an approved money-market instrument if it is:
- (a) issued or guaranteed by any one of the following:
    - (i) a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
    - (ii) a regional or local authority of the United Kingdom or an EEA State;
    - (iii) the Bank of England, the European Central Bank or a central bank of an EEA State;
    - (iv) the European Union or the European Investment Bank;
    - (v) a non-EEA State or, in the case of a federal state, one of the members making up the federation;
    - (vi) a public international body to which the United Kingdom or one or more EEA States belong; or
  - (b) issued by a body, any securities of which are dealt in on an eligible market; or
  - (c) issued or guaranteed by an establishment which is:
    - (i) subject to prudential supervision in accordance with criteria defined by UK or EU law; or
    - (ii) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.

- (9) An establishment shall be considered to satisfy the requirement in paragraph (8)(c)(ii) above if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- (a) it is located in the European Economic Area;
  - (b) it is located in an OECD country belonging to the Group of Ten;
  - (c) it has at least investment grade rating;
  - (d) on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or EU law.
- (10) In the case of an approved money-market instrument within COLL 5.2.10BR(1)(b) or issued by a body of the type referred to in COLL 5.2.10EG; or which is issued by an authority within COLL 5.2.10BR(1)(a)(ii) or a public international body within COLL 5.2.10BR(1)(a)(vi) but is not guaranteed by a central authority within COLL 5.2.10BR(1)(a)(i), the following information must be available:
- (a) information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - (b) updates of that information on a regular basis and whenever a significant event occurs; and
  - (c) available and reliable statistics on the issue or the issuance programme.
- (11) In the case of an approved money-market instrument issued or guaranteed by an establishment within COLL 5.2.10BR(1)(c), the following information must be available:
- (a) information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - (b) updates of that information on a regular basis and whenever a significant event occurs; and
  - (c) available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- (12) In the case of an approved money-market instrument:
- (a) within COLL 5.2.10BR(1)(a)(i), (iv) or (v); or
  - (b) which is issued by an authority within COLL 5.2.10BR(1)(a)(ii) or a public international body within COLL 5.2.10BR(1)(a)(vi) and is guaranteed by a central authority within COLL 5.2.10BR(1)(a)(i);

information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

### **Approved Securities**

- (1) The Company's property may be invested in approved securities. An approved security is a transferable security that is admitted to an official listing in the United Kingdom or an EEA State or is traded under the rules of an eligible market (otherwise than by specific permission of the market authority). The markets upon which transferable securities and approved money-market instruments are traded on must meet certain criteria as laid down in the Sourcebook.
- (2) A market is eligible for the purposes of the rules in COLL if it is:
- (a) a regulated market;
  - (b) a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or
  - (c) any market within paragraph (3) below.
- (3) A market not falling within paragraph (2)(a) and (b) is eligible for the purposes of the rules in COLL if:

- (a) the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - (b) the market is included in a list in the Prospectus; and
  - (c) the Depositary has taken reasonable care to determine that:
    - (i) adequate custody arrangements can be provided for the investment dealt in on that market; and
    - (ii) all reasonable steps have been taken by the authorised fund manager in deciding whether that market is eligible.
- (4) In paragraph (3)(a), a market must not be considered appropriate unless it:
- (a) is regulated;
  - (b) operates regularly;
  - (c) is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator;
  - (d) is open to the public;
  - (e) is adequately liquid; and
  - (f) has adequate arrangements for unimpeded transmission of income and capital to or to the order of investors.
- (5) The eligible securities markets for the Company are set out in Appendix 2.
- (6) Transferable securities and approved money-market instruments held within the Company must be:
- (a) admitted to or dealt in on an eligible market within COLL 5.2.10 R(1)(a); or
  - (b) dealt in on an eligible market within COLL 5.2.10 R(1)(b); or
  - (c) admitted to or dealt in on an eligible market within COLL 5.2.10 R(2); or
  - (d) for an approved money-market instrument not admitted to or dealt in on an eligible market, within COLL 5.2.10AR(1); or
  - (e) recently issued transferable securities, provided that:
    - (i) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
    - (ii) such admission is secured within a year of issue.
- (7) However, the Company may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in paragraph (6) above.

### **Derivatives and Forward Transactions**

- (1) A transaction in derivatives or a forward transaction must not be effected for the Company unless:
  - (a) the transaction is of a kind specified in COLL 5.2.20R; and
  - (b) the transaction is covered, as required by COLL 5.3.3AR.
- (2) Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits in COLL 5.2.11R and COLL 5.2.12 R save as provided in paragraph (6) below.
- (3) Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with COLL 5.2.
- (4) A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
  - (a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates,

- credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - (b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - (c) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- (5) A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- (6) Where the Company invests in an index-based derivative, provided the relevant index falls within COLL 5.2.20AR, the underlying constituents of the index do not have to be taken into account for the purposes of of COLL 5.2.11R and COLL 5.2.12R, subject to the ACD taking account of COLL 5.2.3R.**
- (7) A transaction in a derivative must:
- (a) be in an approved derivative; or
  - (b) be one which complies with COLL 5.2.23R.
- (8) The underlying of a transaction in a derivative must consist of any one or more of the following to which the Company is dedicated:
- (a) transferable securities permitted under COLL 5.2.8R (3)(a) to (c) and COLL 5.2.8R (3)(e);
  - (b) approved money-market instruments permitted under COLL 5.2.8 R(3)(a) to COLL 5.2.8R (3)(d);
  - (c) deposits permitted under COLL 5.2.26R;
  - (d) derivatives permitted under COLL 5.2.20R;
  - (e) collective investment scheme units permitted under COLL 5.2.13R;
  - (f) financial indices which satisfy the criteria set out in COLL 5.2.20AR;
  - (g) interest rates;
  - (h) foreign exchange rates; and
  - (i) currencies.
- (9) A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- (10) A transaction in a derivative must not cause the Company to diverge from its investment objectives as stated in the Company's Instrument of Incorporation and the most recently published Prospectus.
- (11) A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives provided that a sale is not to be considered as uncovered if the conditions in COLL 5.2.22R(1), as read in accordance with the guidance at COLL 5.2.22AG, are satisfied.
- (12) Any forward transaction must be with an Eligible Institution or an Approved Bank.
- (13) A derivative includes an instrument which fulfils the following criteria:
- (a) it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - (b) it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR;
  - (c) in the case of an OTC derivative, it complies with the requirements in COLL 5.2.23R;
  - (d) its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of

information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

- (14) The Company may not undertake transactions in derivatives on commodities.
- (15) A derivative or forward transaction which would or could lead to the delivery of property for the account of the Company may be entered into only if:
  - (a) that property can be held for the account of the Company; and
  - (b) the ACD having taken reasonable care determines that delivery of the property pursuant to the transaction will not occur or will not lead to a breach of the rules in COLL.
- (16) No agreement by or on behalf of the Company to dispose of property or rights (except for a deposit) may be made unless:
  - (a) the obligation to make the disposal and any other similar obligations could immediately be honoured by the Company by delivery of property or the assignment of rights; and
  - (b) the property and rights at (a) are owned by the Company at the time of the agreement.
- (17) The transaction alone or in combination must be reasonably believed by the ACD to diminish a risk of a kind or level which it is sensible to reduce.
- (18) Each derivative transaction must be fully covered by cash, near cash or other property of the Company sufficient to meet any obligation which could arise.
- (19) The eligible derivatives markets for the Company are set out in Appendix 2.
- (20) A transaction in an OTC derivative under COLL 5.2.20 R(1)(b) must be:
  - (a) with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:
    - (i) an Eligible Institution or an Approved Bank;
    - (ii) a person whose permission (including any requirements or limitations), as published in the Financial Services Register, permits it to enter into the transaction as principal off-exchange;
    - (iii) a CCP that is authorised in that capacity for the purposes of EMIR;
    - (iv) a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or
    - (v) to the extent not already covered above, a CCP supervised in a jurisdiction that:
      - (A) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and
      - (B) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019.
  - (b) on approved terms; the terms of the transaction in derivatives are approved only if the ACD:
    - (i) carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
    - (ii) can enter into one or more further transactions to sell, liquidate or close out that transactions at any time, at its fair value;
  - (c) capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

- (i) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
    - (ii) if the value referred to in (i) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
  - (d) subject to verifiable valuation; a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
    - (i) an appropriate third party which is independent from the counterparty of the derivative, at an adequate frequency and in such a way that the ACD is able to check it; or
    - (ii) a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.
- (21) For the purposes of paragraph (20)(b) above, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
- (22) The jurisdictions that fall within paragraph (20)(a)(v) above are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.
- (23) In respect of its obligations under COLL 6.6.4R(1)(a), the Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraph (20) above.
- (24) For the purposes of COLL 5.2.23R(2), the ACD must:
- (a) establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the Company to OTC derivatives; and
  - (b) ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- (25) Where the arrangements and procedures referred to in paragraph (24) involve the performance of certain activities by third parties, the ACD must comply with the requirements of SYSC 8.1.13R and COLL 6.6A.4R(5) and (6).
- (26) The arrangements and procedures referred to in paragraph (24) must be adequate and proportionate to the nature and complexity of the OTC derivative concerned, and adequately documented.
- (27) The Company may invest in derivatives and forward transactions as part of its investment policy provided:
- (a) its global exposure relating to derivatives and forward transactions held in the Company does not exceed the net value of the Scheme Property; and
  - (b) its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in the 'Spread' paragraph below.
- (28) The ACD must calculate the global exposure of the Company on at least a daily basis, in accordance with the methods described in COLL 5.3.7R to COLL 5.3.10R.
- (29) For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- (30) The ACD must calculate the global exposure of the Company either as:



- (a) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in COLL 5.2.19R(3A)), which may not exceed 100% of the net value of the Scheme Property of the Company by way of the commitment approach; or
  - (b) the market risk of the Scheme Property of the Company by way of the value at risk approach.
- (31) The ACD must ensure that the method selected above is appropriate, taking into account:
- (a) the investment strategy pursued by the Company;
  - (b) the types and complexities of the derivatives and forward transactions used; and
  - (c) the proportion of the Scheme Property comprising derivatives and forward transactions.
- (32) Where the Company employs techniques and instruments including repo contracts or stock lending transactions in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.
- (33) For the purposes of this paragraph, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.
- (34) Where the ACD uses the commitment approach for the calculation of global exposure, it must:
- (a) ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in COLL 5.2.19R(3A)), whether used as part of the Company's general investment policy, for the purposes of risk reduction or the purposes of efficient portfolio management; and
  - (b) convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward transaction (standard commitment approach).
- (35) The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- (36) For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of the Company, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- (37) Where the use of derivatives or forward transactions does not generate incremental exposure for the Company, the underlying exposure need not be included in the commitment calculation.
- (38) Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Company need not form part of the global exposure calculation.

**Approved derivatives transactions are used for the purpose of both hedging and meeting the investment objectives of the Company. To the extent that derivatives are used to hedge against currency risks, movements in currencies may render such hedging ineffective. If derivatives are used for investment purposes, the net asset value of the Company may in consequence be highly volatile at times. This would also be the case if the Company used warrants as described below. However, it is the ACD's intention that the Company, owing to its portfolio composition or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of its underlying investments.**

## **Deposits**

**The Company may invest in deposits only if it (1) is with an Approved Bank and (2) is repayable on demand or has the right to be withdrawn, and (3) matures in no more than 12 months.**

## **Units in Collective Investment Schemes**

- (1) The Company must not invest in units in a collective investment scheme (the "second scheme") unless the second scheme satisfies all of the following conditions, and provided that no more than 30% of the value of the Company is invested in second schemes within paragraphs (1)(a)(ii) to (v):
  - (a) the second scheme must:
    - (i) be a UK UCITS or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
    - (ii) be a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met); or
    - (iii) be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR(1), (3) and (4) are met); or
    - (iv) be authorised in an EEA State (provided the requirements of COLL 5.2.13AR are met); or
    - (v) be authorised by the competent authority of an OECD member country (other than an EEA State) which has:
      - (A) signed the IOSCO Multilateral Memorandum of Understanding; and
      - (B) approved the scheme's management company, rules and depositary/custody arrangements;(provided the requirements of COLL 5.2.13AR are met);
  - (b) the second scheme must comply, where relevant, with COLL 5.2.15R and COLL 5.2.16R;
  - (c) the second scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes; and
  - (d) where the second scheme is an umbrella, the provisions in (b) and (c) and COLL 5.2.11R apply to each sub-fund as if it were a separate scheme.
- (2) The requirements referred to in paragraph (1)(a) above are that:
  - (a) the second scheme is an undertaking:
    - (i) with the sole object of collective investment in transferable securities or in other liquid financial assets, as referred to in this chapter, of capital raised from the public and which operate on the principle of risk-spreading; and
    - (ii) with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets (action taken by a scheme to ensure that the price of its units on an investment exchange does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption);
  - (b) the second scheme is authorised under laws which provide that they are subject to supervision considered by the FCA to be equivalent to that laid down in the law of the United Kingdom, and that cooperation between the FCA and the supervisory authorities of the second scheme is sufficiently ensured;
  - (c) the level of protection for unitholders in the second scheme is equivalent to that provided for unitholders in a UK UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and approved money market instruments are equivalent to the requirements of this chapter; and
  - (d) the business of the second scheme is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.

- (3) Where a substantial proportion of the Company's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to the Company, and to the other collective investment schemes in which it invests should not exceed 2.5% per annum plus VAT (if applicable).
- (4) Subject to the restrictions above, the Company may invest in and dispose of, and the Scheme Property of the Company may include, units in other collective investment schemes managed or operated by (or, for an ICVC, whose ACD is) the ACD or an associate of the ACD, provided that COLL 5.2.16R is complied with. There is no limit on the extent of the Scheme Property of the Company that may be invested in such schemes.
- (5) Where an investment or disposal is made under paragraph (4) and there is a charge in respect of such investment or disposal, the ACD must pay the Company the amount referred to in either paragraph (6) or (7) below within four Business Days following the date of the agreement to invest or dispose.
- (6) When an investment is made, the amount referred to in paragraph (5) above is either:
  - (a) any amount by which the consideration paid by the Company for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or
  - (b) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the second scheme.
- (7) When a disposal is made, the amount referred to in paragraph (5) above is any charge made for the account of the authorised fund manager or operator of the second scheme or an associate of any of them in respect of the disposal.
- (8) In paragraphs (5) to (7) above:
  - (a) any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy made in accordance with COLL 6.3.8R is to be treated as part of the price of the units and not as part of any charge; and
  - (b) any charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

### **Warrants**

- (1) The Company may invest in warrants but the exposure created by the exercise of the rights conferred by those warrants must not exceed the limits set out in "Spread" below.
- (2) Not more than 5% in value of the Scheme Property is to consist of warrants.
- (3) **A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.**

### **Spread: General**

- (1) This section does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R applies.

- (2) For the purposes of this section companies included in the same group for the purposes of consolidated accounts as defined in accordance with section 399 of Companies Act 2006, Directive 2013/34/EU or, in the same group in accordance with international accounting standards, are regarded as a single body.
- (3) Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
- (4) Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money-market instruments issued by any single body.
- (5) The limit of 5% in paragraph (4) above is raised to 10% in respect of up to 40% in value of the Scheme Property. Covered bonds need not be taken into account for the purpose of applying the limit of 40%.
- (6) The limit of 5% in paragraph (4) above is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that when the Company invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- (7) In applying paragraph (4) and (5) above, certificates representing certain securities are to be treated as equivalent to the underlying security.
- (8) The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property; this limit being raised to 10% where the counterparty is an Approved Bank.
- (9) Not more than 20% in value of the Scheme Property is to consist of transferable securities and approved money-market instruments issued by the same group (as referred to in paragraph (2) above).
- (10) Not more than 20% in value of the Company is to consist of the units of any one collective investment scheme.
- (11) In applying the limits in paragraphs (3), (4), (5), (7) and (8) above in relation to a single body, and subject to paragraph (6) above, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
  - (a) transferable securities (including covered bonds) or approved money-market instruments issued by that body; or
  - (b) deposits made with that body; or
  - (c) exposures from OTC derivatives transactions made with that body.
- (12) The ACD must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits set out in paragraphs (8) and (11) above.
- (13) When calculating the exposure of the Company to a counterparty in accordance with the limits in paragraph (8) above, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- (14) The ACD may net the OTC derivative positions of the Company with the same counterparty, provided:
  - (a) it is able legally to enforce netting arrangements with the counterparty on behalf of the Company; and
  - (b) the netting agreements in (a) do not apply to any other exposures the Company may have with that same counterparty.
- (15) The ACD may reduce the exposure of the Scheme Property to a counterparty to an OTC derivative transaction through the receipt of collateral. Collateral received must be

sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

- (16) The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph (8) above when it passes collateral to the counterparty to an OTC derivative transaction on behalf of Company.
- (17) Collateral passed in accordance with paragraph (16) above may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of the Company.
- (18) The ACD must calculate the issuer concentration limits referred to in COLL 5.2.11R on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach.
- (19) In relation to exposures arising from OTC derivative transactions, as referred to in paragraph (11) above, the ACD must include in the calculation any counterparty risk relating to the OTC derivative transactions.

### **Spread: Government and Public Securities**

- (1) The following section applies in respect of a transferable security or an approved money-market instruments ("such securities") that is issued or guaranteed by:
  - (a) the United Kingdom or an EEA State;
  - (b) a local authority of the United Kingdom or an EEA State;
  - (c) a non-EEA State; or
  - (d) a public international body to which the United Kingdom or one or more EEA States belong.
- (2) Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.
- (3) **The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:**
  - (a) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Company;
  - (b) no more than 30% in value of the Scheme Property consists of such securities of any one issue;
  - (c) the Scheme Property includes such securities issued by that or another issuer, of at least six different issues; and
  - (d) the disclosures in COLL 3.2.6R(8) and COLL 4.2.5R(3)(i) have been made.
- (4) In this section in relation to such securities:
  - (a) issue, issued and issuer include guarantee, guaranteed and guarantor; and
  - (b) an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- (5) Notwithstanding COLL 5.2.11R(1) and subject to paragraphs (2) and (3) above, in applying the 20% limit in COLL 5.2.11R(10) with respect to a single body, such securities issued by that body shall be taken into account.
- (6) **More than 35% in value of the Scheme Property may be invested in such securities issued by:**
  - (a) **the Government of the United Kingdom; or**
  - (b) **the Government of the United States of America.**

## **Significant influence and Concentration**

- (1) The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
  - (a) immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power to influence significantly the conduct of business of that body corporate; or
  - (b) the acquisition gives the Company that power.
- (2) For the purpose of paragraph (1) above, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).
- (3) In addition to any constraint contained above, the Company:
  - (a) must not acquire transferable securities (other than debt securities) which:
    - (i) do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
    - (ii) represent more than 10% of those securities issued by that body corporate;
  - (b) must not acquire more than 10% of the debt securities issued by any single body;
  - (c) must not acquire more than 25% of the units in a collective investment scheme;
  - (d) must not acquire more than 10% of the approved money-market instruments issued by any single body; and
  - (e) need not comply with the limits in (b), (c) and (d) if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

## **General**

The Company may not acquire any investment which has an actual contingent liability attached unless the maximum amount of such liability is ascertainable at the time of acquisition.

## **Borrowing**

- (1) The Company may borrow money in accordance with the Sourcebook, and this section, provided that all such sums borrowed and outstanding do not exceed 10% in value of the property of the Company. The Company may borrow money from an Eligible Institution or an Approved Bank for use of the Company on terms that borrowing is repayable out of the property of the Company. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument constituting the Company.
- (2) The ACD must ensure that the borrowing of the Company is on a temporary basis, and that borrowings are not persistent, and for this purpose, the ACD must have regard to in particular to:
  - (a) the duration of any period of borrowing; and
  - (b) the number of occasions on which it has resorted to borrowing in any period.
- (3) The ACD must ensure that no period of borrowing exceeds three months without the prior consent of the Depositary.
- (4) Borrowings may be made from and deposits made with the Depositary or any of its associates, provided they are bankers and any such borrowings and deposits are on normal commercial terms. There is no liability on such bankers to account to the ACD or to Shareholders for any profit they may derive therefrom.

## **Efficient Portfolio Management**

- (1) The ACD may utilise the property of the Company to enter into transactions for the purpose of efficient portfolio management. There is no limit on the amount of the property of the Company which may be used for these purposes, but there are three broadly based requirements which the ACD has adopted:
  - (a) The transactions must be **economically appropriate** for the purposes of efficient portfolio management.
  - (b) The exposure must be **fully covered** by cash or other property sufficient to meet any obligation to pay or deliver that could arise.
  - (c) The transactions must be entered into for one or more of three specific aims, namely:
    - (i) the reduction of risk;
    - (ii) the reduction of cost; or
    - (iii) the generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.
- (2) The first two aims, together or separately, allow for tactical asset allocation; that is a switch in exposure through the use of derivatives rather than through the sale and purchase of underlying property.
- (3) Similarly, the aim of reduction of risk allows for the use of derivatives with a view to switching the currency exposure of all or part of the underlying Scheme Property away from a currency which the ACD considers to be unduly prone to risk.

### *Economically Appropriate*

- (4) The guidelines adopted by the ACD, under which the Company will operate are: Any transaction must be one which (alone or in combination with one or more others) is reasonably believed by the Company to be economically appropriate to the efficient portfolio management of the Company.
- (5) This means that the ACD reasonably believes that:
  - (a) for transactions undertaken to reduce risk or cost (or both), the transaction (alone or in combination) will diminish a risk or cost of a kind or level which it is sensible to reduce; and
  - (b) for transactions undertaken to generate additional capital or income, the Company is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit from the transaction;
- (6) A transaction may not be entered into if its purpose could reasonably be regarded as speculative.
- (7) Where the transaction relates to the actual or potential acquisition of transferable securities, the ACD must intend that the Company should invest in transferable securities within a reasonable time and must ensure thereafter that, unless the position has itself been closed out, that intention is realised within that reasonable time.
- (8) Efficient portfolio management techniques may be utilised by the Company when considered appropriate.**

### **Stock lending**

- (1) The Company, or the Depositary at the Company's request, may only enter into a stock lending arrangement in accordance with the rules in COLL 5.4 if the arrangement is:
  - (a) for the account and for the benefit of the Company;
  - (b) in the interests of its Shareholders.

- (2) Such an arrangement is not in the interests of Shareholders unless it reasonable appears to the ACD to be appropriate with a view to generating additional income for the Company with an acceptable degree of risk.
- (3) There is no limit on the value of the property of the Company which may be the subject of stock lending transactions. Such transactions must comply with the requirements of Section 263A of the Taxation of Chargeable Gains Act 1992 and with the relevant requirements of the Sourcebook and the guidance on stock lending issued by the FCA (as amended from time to time).

#### **4. GENERAL INFORMATION**

##### **Winding up**

The Company will continue until wound up in accordance with chapter 7.3 of COLL or as a unregistered company under Part V of the Insolvency Act 1986.

Winding up of the Company under COLL is only permitted if, (a) under regulation 21 of the OEIC Regulations proposals to wind up the Company and (b) a statement has been prepared by the ACD, lodged and received by the FCA, prior to the satisfaction of the condition under (a) and the statement confirms that the Company will be able to meet all its liabilities within twelve months of the date of the statement (a "solvency statement").

Subject to the foregoing, the Company may be wound up under COLL:

- (1) if an extraordinary resolution of the Shareholders of the Company to that effect is passed; or
- (2) when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or any event occurs for which the Instrument of Incorporation provides that the Company is to be wound up; or
- (3) on the date stated in any agreement by the FCA in response to a request by the ACD for the winding-up of the Company; or
- (4) on the effective date of a duly approved scheme of arrangement which results in the Company ceasing to hold any Scheme Property;

On the occurrence of any of the above the investment and borrowing powers and single pricing and dealing (under COLL) will cease to apply to the Company.

The winding up of the Company under COLL is carried out by the ACD which will, as soon as practicable, cause the property of the Company to be realised and the liabilities to be met out of the proceeds. Provided that there are sufficient liquid funds available after making provision for the expenses of winding up and the discharge of the liabilities of the Company the ACD may arrange for interim distribution(s) to be made to Shareholders. When all liabilities have been met, the balance (net of a provision for any further expenses) will be distributed to Shareholders.

Shareholders will be notified of any proposal to wind up the Company. On commencement of such winding up the Company will cease to issue and cancel Shares and transfers of such Shares shall cease to be registered.

On completion of the winding up, the Company will be dissolved and any money (including unclaimed distributions) standing to the account of the Company will be paid into court within one month of dissolution.

##### **Accounting, distribution and reporting dates**

The annual Accounting Reference Date is 31 March and the record date for the final income allocation is on 31 May. The interim Accounting Reference Date is 30 September and the



record date for the interim income allocation is 30 November. The annual and half-yearly reports of the Company will be published on 31 May and 30 November respectively.

### **Characteristics of shares**

The Company can issue different classes of Share. Both income (net) Shares and accumulation (net) Shares are available for the Company. At present there are only holders in the income class.

The distribution characteristics of the Company are shown under the "Charges and Expenses" and "Other Expenses" section of this Prospectus.

The price of the Shares is expressed in pounds sterling and the Shares themselves have no nominal value.

The rights attaching to the Shares of all classes may be expressed in two denominations and in each of those classes the proportion of a larger denomination share represented by a smaller denomination share shall be one thousandth of the larger denomination share.

Names and addresses of holders will be entered in the Register to evidence title to the Shares. Shareholders will not be issued with a certificate. The ACD will impose no requirements nor will Shareholders have any special rights or entitlements with respect to the transfer of their holding or exchange of their Shares to or for Shares in any other fund operated by the ACD. Income will be payable by cheque or by bank transfer if a relevant mandate is held.

### **Meetings and Voting Rights**

The Company has dispensed with the holding of annual general meetings.

A meeting of Shareholders duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the relevant regulations.

At a meeting of Shareholders the quorum for transaction of business is two Shareholders in person, or by proxy, although on any adjourned meetings any one Shareholder present in person or by proxy shall constitute a quorum. On a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll every Shareholder who is present in person or by proxy will have one vote for every Share in the Company they hold. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other holders and for this purpose seniority is determined by the order in which the names stand in the Register. On a poll, votes may be given either personally or by proxy. The ACD (or an associate) is entitled to vote on Shares held in its name but on behalf of Shareholders who, if themselves registered Shareholders, would be entitled to vote and who have given instructions to the ACD (or its associate) as to which way the votes are to be exercised.

### **Changes to the Company**

Changes to the Company are classified as fundamental, significant or notifiable.

The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company that is a fundamental change. This is a change or event which:

- (1) changes the purpose or nature of the Company;
- (2) may materially prejudice a Shareholder;
- (3) alters the risk profile of the Company; or
- (4) introduces a new type of payment out of the Company property.

The ACD must give prior written notice to Shareholders of any proposed change which constitutes a significant change. This is a change or event which is not fundamental, but which:

- (a) affects a Shareholder's ability to exercise their rights in relation to their investment;
- (b) would reasonably be expected to cause the Shareholder to reconsider their participation in the Company;
- (c) results in any increased payments out of the Scheme Property to the ACD or an associate of the ACD; or
- (d) materially increase other types of payment out of the Scheme Property.

The notice period must be of reasonable length, and must not be less than 60 days.

The ACD must inform Shareholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Company. This is a change or event, other than a fundamental or significant change, which a Shareholder must be made aware of unless the ACD concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next long form report of the Company.

### **Notices served on Shareholders**

Any notice or document to be served upon a Shareholder will be duly served if it is:

- (1) sent by post or left at the Shareholder's address as appearing in the Register; or
- (2) sent by using an electronic medium in accordance with the provisions of paragraph titled 'Electronic Communications'.

Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted. Any document left at a registered address or delivered other than by post is deemed to have been served on that day. Any document or notice to be served on or information to be given to a Shareholder, must be in legible form. For this purpose, any form is legible form which:

- (a) is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;
- (b) is capable of being provided in hard copy by the ACD;
- (c) enables the recipient to know or record the time of receipt; and
- (d) is reasonable in the context.

## **5. VALUATION, CHARGES AND INCOME**

### **Valuation of Property**

The Company will be valued on each Business Day at 12.00 noon (the "Valuation Point") for the purpose of determining prices at which Shares in the Company may be purchased or redeemed.

There will only be a single price for any Share as determined from time to time by reference to a particular Valuation Point.

The Company will be valued on a net asset value basis to determine the price of the Shares ("NAV price"). Except in circumstances where the application of a dilution levy applies (see the "Charges and Expenses" and "Other Expenses" sections of this Prospectus) Shares will be redeemed at the NAV price and purchased at a price that includes a preliminary charge at the rate applying to the Company (see "Charges and Expenses").

Out of the preliminary charge the ACD may pay commission to qualifying intermediaries, including the Investment Managers and their respective associates. Although it is not current policy, if a dilution levy were to apply in the future the NAV price will be adjusted accordingly to determine the price at which Shares can be purchased and redeemed (refer to the paragraph on "dilution levy" under "Charges and Expenses" for further details).

The net asset value of the property of the Company shall be the value of their assets less the value of their liabilities determined (inter alia) in accordance with the following provisions which are set out in the Instrument of Incorporation.

All the property of the Company (including receivables) is to be included, subject to the following provisions:

- (1) Property which is not cash (or other assets dealt with in paragraph 3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - (a) units or shares in a collective investment scheme:
    - (i) if a single price for buying and selling units or shares is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by an initial charge included therein and the selling price has been increased by an exit or redemption charge attributable thereto; or
    - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
  - (b) any other transferable security:
    - (i) if a single price for buying and selling the security is quoted, at that price; or
    - (ii) if separate buying and selling prices are quoted, at the average of the two prices; or
    - (iii) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the ACD, is fair and reasonable;
  - (c) property other than that described in (a) and (b) above shall be valued at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- (2) Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- (3) There will be a deduction of an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, valued added tax, stamp duty and stamp duty reserve tax.
- (4) There will be a deduction of an estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day.
- (5) There will be a deduction of the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- (6) Property which is a contingent transaction shall be treated as follows:
  - (a) if a written option, (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net value of premium receivable. If the property is an off-exchange derivative the method of valuation shall be agreed between the ACD and Depositary.

- (b) if an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - (c) if any other form of contingent liability transactions, include at the net value of margin on closing out (whether as a positive or negative value). If the property is an off-exchange derivative, include at a valuation method agreed between the ACD and the Depositary.
- (7) In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
  - (8) Subject to paragraphs 9 and 10 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
  - (9) Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 8.
  - (10) All agreements are to be included under paragraph 8 which are, or ought reasonably to have been, known to the person valuing the property.
  - (11) Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
  - (12) Add any other credits or amounts due to be paid into the Scheme Property.
  - (13) Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
  - (14) Currencies or values in currencies other than base currency or (as the case may be) the designated currency of a sub-fund shall be converted at the relevant valuation point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

If there is more than one class in issue in the Company, the proportionate interests of each class in the assets and liabilities of the Company shall be ascertained as follows:

- 1.1 A notional account shall be maintained for each class. Each account shall be referred to as a "Proportion Account".
- 1.2 The word "proportion" in the following paragraphs means the proportion which the balance on a Proportion Account at the relevant time bears to the balance on all the Proportion Accounts of a Company at that time.
- 1.3 There shall be credited to a Proportion Account:
  - 1.3.1 the subscription money (excluding any preliminary charges or dilution levy) for the issue of shares of the relevant class;
  - 1.3.2 that class's proportion of the amount by which the Net Asset Value of the Company exceeds the total subscription money for all Shares in the Company
  - 1.3.3 that class's proportion of the Company's income received and receivable; and
  - 1.3.4 any notional tax benefit under paragraph 1.5 below.
- 1.4 There shall be debited to a Proportion Account:

- 1.4.1 the redemption payment for the cancellation of Shares of the relevant class;
  - 1.4.2 that class's proportion of any amount by which the Net Asset Value of the Company falls short of the total subscription money for all Shares in the Company;
  - 1.4.3 all distributions of income (including equalisation if any) made to Shareholders of that class;
  - 1.4.4 all costs, charges and expenses incurred solely in respect of that class;
  - 1.4.5 that class's proportion of the costs, charges and expenses incurred in respect of that Class and one or more other classes in the Company, but not in respect of the Company as a whole;
  - 1.4.6 that class's proportion of the costs, charges and expenses incurred in respect of or attributable to the Company as a whole; and
  - 1.4.7 any notional tax liability under paragraph 1.5.
- 1.5 Any tax liability in respect of the Company and any tax benefit received or receivable in respect of the Company shall be allocated between classes in order to achieve, so far as possible, the same result as would have been achieved if each class were itself a Company so as not materially to prejudice any class. The allocation shall be carried out by the ACD after consultation with the auditors.
- 1.6 Where a class is denominated in a currency which is not the base currency, the balance on the Proportion Account shall be converted into the base currency in order to ascertain the proportions of all classes. Conversions between currencies shall be at a rate of exchange decided by the ACD as being a rate that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.
- 1.7 The Proportion Accounts are notional accounts maintained for the purpose of calculating proportions. They do not represent debts from the Company to Shareholders or the other way round.

Each credit and debit to a Proportion Account shall be allocated to that account on the basis of that class's proportion immediately before the allocation. All such adjustments shall be made as are necessary to ensure that on no occasion on which the proportions are ascertained is any amount counted more than once.

When Shares are issued thereafter each such Share shall represent the same proportionate interest in the property of the relevant Company as each other Share of the same denomination and class then in issue in respect of that Company.

The Company shall allocate the amount available for income allocation (calculated in accordance with the FCA Rules) between the classes in issue according to their respective proportionate interests and equally between each Share of the same class.

## **6. CHARGES AND EXPENSES**

### **Preliminary charge**

The ACD may receive, or waive in part or in whole, a preliminary charge upon the sale or purchase of Shares. The current rate is 6% in respect of all classes of Shares. Out of the preliminary charge the ACD may pay commission to qualifying intermediaries, including the Investment Managers and their respective associates. If not waived, the preliminary charge will be charged upon the sale or purchase of Shares.

## **Dilution levy**

The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the Share price - for example, due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances (for example large volumes of deals) this may have an adverse effect on the Shareholders' interest in the Company. In order to prevent this effect ("dilution"), the ACD has the power to charge a "dilution levy" on the sale and/or redemption of Shares.

The ACD does not, at present, intend to charge a dilution levy but reserves the right to do so based on prevailing market conditions. If the ACD decides in the future to charge a dilution levy, it will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of sale and redemptions. The ACD may charge a discretionary dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged in the following circumstances: where the Scheme Property is in continual decline; on "large deals" (which for these purposes is defined as a deal in respect of Shares exceeding the sum of £100,000 in value); in any case where the ACD is of the opinion that the interests of remaining Shareholders require the imposition of a dilution levy. If a dilution levy is not charged in such circumstances, this may have an adverse effect on the future growth of the Scheme Property.

It is not possible to predict accurately whether dilution is likely to occur at any point in time, nor to estimate the amount of any dilution levy, since, as indicated above, the ACD does not, at present, intend to charge such a levy.

Although the ACD does not intend to charge a dilution levy at present, should the ACD choose to do so in the future then based on future projections the ACD expects that the vast majority of sales and/or redemptions of Shares will be "large deals" and that a dilution levy may be charged on the majority of deals.

## **Periodic charge**

The ACD receives a periodic charge for managing the Company at a rate per annum of the value of the property of the Company accruing daily and payable out of the property of the Company. The current rate of the periodic charge is 1.125% per annum and is the same in respect of all classes of Shares. The ACD may increase the rate of such charge by giving 60 days' notice to Shareholders and making available, for 60 days, the amended Prospectus.

The ACD is responsible for the payment of the fees of the Investment Managers and those of their respective sub-advisers. Research costs will be paid for by the Investment Managers out of this fee and shall not be borne by the Company.

The periodic charge in respect of the Company will be treated as an income charge and will be paid monthly in arrears.

## **Redemption charge**

The ACD Agreement contains a provision for the ACD to make a redemption charge. However, at present, there are no plans to impose such a charge.

The ACD must not introduce a redemption charge, or change the rate or method of calculation of a current redemption charge, unless at least 60 days before the introduction or change, the ACD:

- (1) gave notice in writing of that introduction or change and of the date of its commencement, to the Depositary and to all the persons who ought reasonably to be

known to the ACD to have made an arrangement for the purchase of Shares at regular intervals; and

- (2) has revised the Prospectus to reflect the introduction or change and the date of its commencement and has made the revised Prospectus available.

## **Depository's fees**

### **Periodic fee**

The Depository is paid a monthly periodic fee (plus VAT) in remuneration for its services from the property of the Company. The Depository's fee is calculated, on the value of the property of the Company determined in accordance with the Instrument of Incorporation and the Sourcebook, and payable out of the property of the Company in accordance with the Sourcebook. For this purpose, the value of the Company is inclusive of the issues and cancellations which take effect as at the relevant valuation point. The Depository's fee shall accrue daily, and shall be calculated by reference to the value of the property of the Company for successive periods commencing on each valuation point and ending immediately before the next valuation point in each month. The Depository's fee is payable on, or as soon as is practicable after, the end of the month in which it accrued.

The rate of the periodic fee is agreed between the ACD and the Depository and is calculated on a sliding scale for the Company on the following basis:

0.0275% per annum	on the first £50 million value of the property of the Company;
0.025% per annum	on the next £50 million value of the property of the Company;
0.020% per annum	on the next £100 million value of the property of the Company;
0.015% per annum	thereafter.

The annual fee is subject to a minimum fee of £7,500, applicable to the Company. VAT (at the standard rate) is added to these fees.

These rates can be varied from time to time in accordance with the FCA Handbook.

The first accrual in relation to the Company will take place in respect of the period beginning on the day on which the first valuation of the Company is made and ending on the last Business Day of the month in which that day falls.

### **Transaction charges, derivative and custody charges**

In addition to the above periodic fees, the Depository shall be entitled to be paid transaction charges, derivative and custody charges in relation to transaction and derivative transaction handling and safekeeping of the Scheme Property as follows:

<b>Item</b>	<b>Range / Fees</b>
Transaction Charges	£7.50 to £100
Derivative Transaction Charges	£20 (if applicable)
Custody Charges	0.0025% to 0.4% of the value of the holding involved subject to a minimum aggregate custody charge of £7,500 per annum

These charges vary from country to country depending on the markets and the type of transaction involved.

Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

Where relevant, the Depositary may make a charge for (or otherwise benefit from) providing services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivative transactions, in relation to the Company and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the FCA Handbook.

The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument of Incorporation, the FCA Handbook or by the general law.

On a winding up of the Company or the redemption of a class of Shares (if applicable), the Depositary will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.

In each such case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Handbook by the Depositary.

### **Administrator's charges**

The Administrator's fees for valuation services and administration and registration fees may be paid by the Company, but the fees for valuation services and administration are currently paid by the ACD. The Administrator's registration fee will be paid out of the property of the Company, as will the disbursements listed in the Other Expenses section below.

The current registration fee is £2,000 per annum.

## **7. OTHER EXPENSES**

The following other expenses may be paid out of the property of the Company:

- (1) expenses properly incurred by the ACD in the performance of its duties as ACD of the Company;
- (2) broker's commission (excluding costs for research), fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessary to be incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (3) any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;
- (4) any costs incurred by the Company in publishing the price of the Shares;
- (5) any costs incurred in producing and dispatching any payments made by the Company, or the periodic reports of the Company;



- (6) any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Company, which are currently carried on by the Registrar;
- (7) any fees or costs associated with any CASS related support activity incurred by the Registrar.
- (8) any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- (9) any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- (10) any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;
- (11) liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of Shares as more fully detailed in the Sourcebook;
- (12) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (13) taxation and duties payable in respect of the property of the Company or the issue or redemption of Shares;
- (14) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (15) the fees of the FCA under the Financial Services and Markets Act 2000 (as amended or replaced) together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- (16) any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;
- (17) the total amount of any cost relating to the issue of Shares;
- (18) any payments otherwise due by virtue of the Sourcebook; and
- (19) any value added or similar tax relating to any charge or expense set out herein.

### **Allocation of charges and payments**

The ACD and the Depositary have agreed that normally the fees payable to the ACD and the Depositary will be treated as a charge against the income of the Company (except those charges and expenses relating directly to the purchase and sale of investments). If there is insufficient income to meet the fees then all, or part, of those fees may be treated, at the request of the ACD, as a charge against the capital of the Company.

**It should be noted that this policy may result in capital erosion or constrain capital growth.**

### **Income allocations**

Allocations of income will be payable on 31<sup>st</sup> May (final) and 30<sup>th</sup> November (interim) in each year. Each holder of income Shares is entitled, on the half yearly and annual income allocation

dates, to the net income attributable to their holding. The income available for allocation is calculated by taking the aggregate of income received or receivable in respect of the half-yearly accounting date ending two months prior, deducting charges and expenses paid or payable out of such income, adding the ACD's best estimate of any relief from tax on such charges and expenses and making any other adjustments permitted by the Sourcebook that the ACD considers appropriate in relation to both income and expenses (including taxation), after consulting the auditors when required to do so.

Holders of accumulation Shares are not entitled to be paid the income attributable to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the Company at the end of the relevant distribution period and is reflected in the price of an accumulation Share.

The ACD reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.

On the income allocation dates, an amount, as determined by the ACD in accordance with the Instrument of Incorporation and the Sourcebook, is paid to those Shareholders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date. Payments will be made by means of direct credit to the Shareholder's nominated bank account. If the income allocation date is a non-Business Day, payment will be made on the next Business Day.

Investors should be aware that should an income distribution be unclaimed for a period of six years after it has become due, it will be forfeited and returned to the Company for the benefit of the relevant Share class.

Copies of the annual long reports will be published, and made available, on the annual income allocation date. These reports for the Company are available (on request) from the Head Office of the ACD at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP.

### **Income equalisation**

The Instrument of Incorporation specifies that income equalisation will be operated unless the ACD determines otherwise. When equalisation is operated, included in the issue price of Shares (other than those first issued) will be an income equalisation amount representing the value of income attributable to the Shares in question accrued since the end of the last accounting period.

When equalisation is operated, the Instrument of Incorporation permits grouping of Shares for equalisation. Grouping will be operated in respect of each accounting period for which income is allocated. Any income allocated in respect of Shares purchased during each such period will carry an entitlement to equalisation which is the amount arrived at on an average basis of the accrued net income per Share included in the price of the Shares purchased during the period for the Company.

At the discretion of the ACD and if the ACD considers it to be in the interests of most Shareholders, the amount of any equalisation due may be changed from an average basis described above, to an actual basis where the equalisation included in any income allocation will be the amount included in the issue price of those Shares.

## **8. PURCHASE AND REDEMPTION OF SHARES**

The ACD will accept orders for the purchase and sale of Shares on normal Business Days between 9.30 am and 5.00 pm.

The ACD's normal basis of dealing is at a forward price plus or minus any applicable dilution levy, which means that transactions will be effected at prices determined at the next Valuation

Point following the ACD's agreement to sell, or as the case may be, to redeem the Shares in question ("the dealing date").

Instructions to issue or redeem Shares may be either in writing, by obtaining an application form by telephoning the ACD's Customer Enquiry Line on 0333 300 0375. Alternatively instructions to issue or redeem Shares can be through the means of electronic communications (as set out in the paragraph 'Electronic Communications'). To confirm the transaction, a contract note or allocation letter will be issued by close of business on the next Business Day after the dealing date.

The ACD will buy back Shares from registered holders at not less than the price determined at the next Valuation Point following receipt of redemption instructions less any dilution levy. Payment of redemption proceeds will be made not later than four Business Days after either the dealing date or receipt of the renouncement document if later. Payment for this purpose will be the issuance and posting of a sterling cheque to the address of the Shareholder held on the Register. First class postage will be used where available.

### **Minimum subscription and minimum holding**

There will be a minimum subscription size of £100,000 in respect of all classes of Shares which may be waived at the absolute discretion of the ACD and a minimum transaction size of £100,000 unless the ACD in its absolute discretion waives this requirement or unless the sale is of an entire holding which is smaller than that minimum. There will be a minimum holding of £100,000.

### **Issue of shares in exchange for in specie assets**

The ACD may arrange for the Company to issue Shares in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquiring of those assets in exchange for the shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.

The ACD will not issue Shares in the Company in exchange for assets the holding of which would be inconsistent with the investment objective of the Company.

### **In specie redemptions**

In the event that a Shareholder requests the redemption or cancellation of Shares representing over 5% of the property of the Company, the ACD may upon giving written notice to the Shareholder arrange that, in place of payment of the NAV price of the Shares in cash, the Company cancels the Shares and transfers relevant Scheme Property to the Shareholder.

### **Mandatory redemptions and transfers**

If it comes to the notice of the ACD that any shares ("affected shares") are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the Shareholder or Shareholders in question is/are not qualified and entitled to hold such Shares or if it reasonably believes this to be the case, the ACD may give notice to the holder(s) of the affected shares requiring either transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Shares in accordance with the OEIC Regulations and the Sourcebook. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer their affected shares to a person qualified to hold them or establish to the satisfaction of the ACD (whose judgement is final and binding) that they or the beneficial owner are qualified and entitled to own the affected shares, they shall be deemed upon the expiration of that thirty day

period to have given a request in writing for the redemption of all the affected shares pursuant to the OEIC Regulations and the Sourcebook.

A person who becomes aware that they have acquired or are holding affected shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which they are not qualified to hold such affected shares, shall forthwith, unless they have already received a notice as aforesaid, either transfer or procure the transfer of all their affected shares to a person qualified to own them or give a request in writing or procure that such a request for the redemption or cancellation of all their affected shares pursuant to the OEIC Regulations and the Sourcebook.

In addition, where the ACD considers it is in the best interests of Shareholders, the ACD may convert a Shareholder's holding in one class of Shares to another class of Shares in the Company. The ACD shall give at least 60 days prior written notice to the Shareholders concerned of the proposed conversion, including details of the new class of Shares and reminding Shareholders of their rights to redeem.

### **Suspension of Dealing**

The sale and redemption of Shares in the Company will not take place if dealing in the Shares is temporarily suspended by the ACD with prior agreement of the Depositary or if required by the Depositary in either case if the ACD or the Depositary (as the case may be) believes, due to exceptional circumstances, it is in the interests of Shareholders. The ACD and Depositary must ensure that the suspension is only allowed to continue for as long as it is justified having regard to the interests of the Shareholders and must cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased.

On suspension the ACD and Depositary must, or the Depositary if the Depositary has required the ACD to suspend dealing, immediately inform the FCA stating the reasons for its actions and, as soon as practicable, give written confirmation of the suspension, and reason for it, to the FCA.

The ACD must ensure that a notification of the suspension is made to Shareholders as soon as practicable after the suspension commences drawing Shareholder's attention to the exceptional circumstances resulting in the suspension. Any such notifications to Shareholders must be clear, fair and not misleading. Shareholders will be kept informed in writing about updates on the suspension.

The ACD and Depositary must formally review any suspension at least every 28 days and inform the FCA of the results of their review. Suspension of dealing must cease as soon as practicable after the exceptional circumstances have ceased.

The ACD must inform the FCA of the proposed restart of dealing and, immediately after the restart, must confirm in writing to the FCA.

The ACD may agree, during the suspension, to deal in shares, in which case all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first Valuation Point after restart of dealings in Shares.

Investors buy and redeem Shares through the ACD who nets them to reduce the number of Shares issued/cancelled by the Company. When carrying out deals in Shares, the ACD acts as principal but does not profit from this activity.

The ACD may, inter alia, reject at its discretion any application for the purchase, sale or exchange of Shares for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory.

## **Exchange of Shares in the Company**

It is possible for Shareholders to switch their entitlement between share classes in the Company. An instruction to exchange Shares is where the Company converts, at the request of the Shareholder and upon receipt of an exchange notice, part or all of the Shares relating to one class held by the Shareholder into Shares of one or more other classes on the same day.

Exchange requests may be made by telephone, by fax or by letter in each case to the ACD. Shareholders may be required to complete a switching form (which in the case of joint Shareholders must be signed by all joint holders). Switching forms will be available on request from the ACD.

The ACD may, at its discretion, make a charge on the switching of Shares. The charge will not exceed any excess of the preliminary charge applicable to the Shares being acquired over the preliminary charge applicable to the Shares being switched. If, for any reason, an exchange notice is not received by the Company on the same day, the application will still be binding and considered irrevocable by the Company. The exchange notice must be addressed to the Company and signed by all registered holders. Exchange instructions accepted on any dealing date will be satisfied at prices calculated at the next Valuation Point. The relevant prices will be the NAV price per share of the Company. The number of new Shares issued to the Shareholder will be the number of Shares to be exchanged multiplied by the NAV price of those Shares divided by the NAV price of the new Shares. In the event that an exchange involves share classes of differing currency denomination a currency exchange factor will be applied.

**Shareholders should be aware that an exchange of Shares – if available - for Shares of another class in the Company is not treated as a disposal for Capital Gains Tax purposes.**

## **Market Timing**

The ACD may refuse to accept a new subscription in the Company if, in the opinion of the ACD, it has reasonable grounds for refusing to accept a subscription. In particular, the ACD may exercise this discretion if it believes the Shareholder has been, or intends to engage in market timing.

For these purposes, market timing activities include investment techniques which involve short term trading in and out of Shares generally to take advantage of variation in the price of Shares between the daily valuation points in the Company. Short term trading of this nature may often be detrimental to long term Shareholders, in particular, the frequency of dealing may lead to additional dealing costs which can affect long term performance.

## **Publication of Share Price**

The most recent prices will appear daily on the Trustnet website at [www.trustnet.com](http://www.trustnet.com) and can also be obtained by telephone on 01483 783 900.

For reasons beyond the control of the ACD, these may not necessarily be the current prices.

The cancellation price last notified to the Depositary is available from the ACD upon request.

The Shares are not listed or dealt in on any investment exchange.

## **Electronic communications**

The ACD may accept instructions to transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the Shareholder, or delivered on their behalf by a person that is authorised by the FCA, or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

- (1) prior agreement between the ACD and the person making the communication as to:
  - (a) the electronic media by which such communications may be delivered; and
  - (b) how such communication will be identified as conveying the necessary authority; and
- (2) assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Shareholder.

### **Client Money Rules**

The FCA Handbook contains provisions (known as the "Client Money Rules") designed to safeguard client money in the hands of authorised persons. However, the CASS rules also provide that money need not be treated as client money in respect of a delivery versus payment transaction, for the purpose of settling a transaction in relation to shares in a regulated collective investment scheme such as the Company, provided that:

- (1) the ACD receives the money from a client in relation to the ACD's obligation to issue Shares in the fund in accordance with COLL; or
- (2) the money is held in the course of redeeming Shares, where the proceeds are paid to an investor within the timeframe specified in COLL.

Where money is received in either of the circumstances set out in (a) or (b) above, the ACD must cease to operate the exemption if, by close of business on the Business Day following receipt of the money, it has not paid it over to the Depositary or the client or, if direct issues and cancellations of Shares by the Company are permitted, to the Company, as applicable.

In order to facilitate management of the Company, the ACD makes use of the delivery versus payment exemption on the issue of Shares in respect of money received other than in the form of cheques. Money received in other payment forms for the issue of Shares is, therefore, not protected under the Client Money Rules until the delivery versus payment exemption period has expired. Money received by the ACD in the form of redemptions, cheques or other remittances is paid directly into a client money account maintained by the ACD with an Approved Bank, as defined in the FCA Rules, and protected in line with the Client Money Rules. No interest is payable by the ACD on monies credited to this account.

Money deposited into an account with a third party may have a security interest, lien or right of set-off in relation to the money, to the extent permitted by the Client Money Rules.

In certain circumstances, if the ACD has lost touch with an investor, the ACD will be permitted to pay the investor's client money balance to a registered charity after six years. The ACD will not do so until reasonable efforts have been made to contact the investor. The investor will still be entitled to recover this money from the ACD at a later date irrespective of whether the ACD has paid the money to charity. This is subject to the rules in COLL, which require the ACD to transfer any distribution payment which remains unclaimed after a period of six years from the date of payment to the Company's capital property.

## **9. TAXATION**

### **General**

**The following summary is based on current UK law and HM Revenue & Customs practice. It summarises the UK tax position of Investment Companies with Variable Capital ("ICVCs") and Shareholders who are UK tax resident. However, it should not be regarded as exhaustive and investors are advised to obtain specific advice from their professional tax adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.**

## **Taxation of the Company**

The Company is an ICVC and is treated as an Authorised Investment Fund for tax purposes. Income of the Company is deemed to be distributed for tax purposes, even when it is accumulated. References to distributions include deemed distributions of accumulated income.

The Company will make dividend distributions except where over 60% of the Company's property has been invested at all times throughout the distribution period in interest paying and related investments, in which case it will make interest distributions. A fund that makes interest distributions is referred to as a "Bond Fund" and a fund that makes dividend distributions is referred to as an "Equity Fund".

### **(1) Income**

The Company is liable to corporation tax on its income after relief for management expenses (which include fees payable to the ACD and to the Depositary) at the basic rate of income tax. The rate of corporation tax applicable to the Company is equal to the basic rate of income tax.

Where the Company is a Bond Fund, the gross amount of any interest distributions is an allowable expense for corporation tax purposes and no tax should actually be paid on that part of the income funding the interest distributions.

Dividend income received by the Company from investments in UK resident and overseas companies should fall within an exemption from corporation tax. Dividend income received from foreign companies may be subject to withholding tax or other taxation in the foreign jurisdiction. Any foreign tax suffered by the Company may normally be deducted from the UK tax due on that income or treated as an expense in calculating the amount of that income subject to corporation tax.

### **(2) Capital gains**

Capital gains realised by the Company on a disposal of its investments are exempt from corporation tax on chargeable gains. In the unlikely event that the Company should be considered to be trading in securities for tax purposes, any gains made by it would be treated as income and taxed accordingly.

### **(3) Stamp Duty Reserve Tax**

Stamp duty reserve tax ("SDRT") is generally charged on any agreements to transfer shares of ICVCs (other than transactions handled by the fund manager) to third parties at a rate of 0.5% of the consideration.

No SDRT charge arises on the issue or surrender of shares of ICVCs. However, investors may be subject to an SDRT charge where Shares in the Company are surrendered and the investors receive assets from the Company (rather than cash) which are not in proportion to each investor's share of the total assets held by the Company.

## **Taxation of Shareholders**

### **(1) Income**

For tax purposes, an ICVC is treated as distributing the whole of the income available for distribution in each of its distribution periods, whether actually distributed or accumulated by it. Distributions may be made as interest distributions or dividend distributions as set out below.

The distribution accounts of the Company for any of its distribution periods may show income available for distribution as either (a) an interest distribution or (b) a dividend distribution. The type of distribution that either actually takes or is deemed to take place depends on the source and composition of the income within the Company.

Where more than 60% of the Company is invested in "qualifying investments" (broadly speaking interest paying investments, see further below) the Company will make an interest distribution. Where this is not the case, distributions made by the Company will be dividend distributions.

All Shareholders will be sent tax vouchers stating the make-up of their distributions and showing their taxable income.

#### **(a) Interest distributions**

##### UK resident individuals

Interest distributions paid by the Company (save in respect of distributions to certain qualifying Shareholders) are treated as yearly interest and, as such, are subject to income tax.

No income tax is required to be deducted at source from interest distributions, with the result that Shareholders will receive interest distributions gross of any tax.

Basic rate taxpayers are entitled to a personal savings allowance, higher rate taxpayers are entitled to a reduced personal savings allowance and additional rate taxpayers have no personal savings allowance.

Basic rate, higher rate and additional rate taxpayers will pay income tax (in the case of basic rate and higher rate taxpayers, on the amount in excess of the applicable personal savings allowance) on any income distributions at the basic rate, the higher rate or the additional rate (as applicable).

##### UK corporate Shareholders

If, at any point in an accounting period of a UK corporate Shareholder, the Company fails to satisfy the "qualifying investment" test, Shares held by the UK corporate Shareholder in respect of the Company are treated as if the Shares in respect of such a corporate's accounting period (including gains, profits and losses) are rights under a creditor loan relationship and will be taxed or relieved as an income receipt or expense on a "fair value accounting" basis. Accordingly, such a corporate Shareholder may, depending on its own circumstances, incur a charge to corporation tax on an unrealised increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

The Company will fail to satisfy the "qualifying investments" test at any time when more than 60% of its assets by market value comprise government and corporate debt securities, cash on deposit, certain derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the "qualifying investments" test, or other interest bearing securities.

Interest distributions paid to UK corporate Shareholders may be paid without deduction of income tax at source.



## **(b) Dividend distributions**

Dividend distributions paid by the Company are treated as if they are dividends.

### UK resident individuals

UK resident individuals liable to income tax at the basic, higher or additional rate will be taxed at the appropriate dividend rate on the receipt of dividend distributions subject to the availability of allowances and reliefs including the annual dividend allowance.

### UK corporate Shareholders

UK resident corporate Shareholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the tax voucher. The unfranked portion is, to the extent it comprises UK source income, generally treated as an annual payment received after deduction of income tax at the basic rate, whereas the balance is treated as franked income – i.e. a dividend. Both annual payments and dividends are liable to corporation tax in the hands of UK corporate Shareholders although the franked dividend portion should fall within an exemption from corporation tax.

## **(2) Chargeable gains**

### UK resident individuals

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including a redemption of Shares in the Company. Gains will be tax-free if after deduction of allowable losses, they fall within an individual's annual capital gains exemption.

Gains in excess of the annual exemption amount are taxed at the lower rate of capital gains tax to the extent that together with an individual's taxable income they do not exceed the upper limit of the basic rate income tax band and at the higher rate to the extent that they exceed that limit.

### UK corporate Shareholders

UK corporate Shareholders (whose Shares are not treated as creditor loan relationships) will be charged to corporation tax on any gains realised after the deduction of allowable losses (if any).

**The ACD reserves the right to redeem the Shares of any Shareholder who jeopardises the tax status of the Company.**

## **Other information**

### **(1) Income equalisation – tax implications**

The price of a Share of a particular Share class is based on the value of that Share class' entitlement in the Company, including the income of the Company since the previous distribution or, in the case of accumulation Shares, deemed distribution. In the case of the first distribution received or accumulation made in respect of a Share, part of the amount, namely the equalisation payment, is treated as a return of capital and is not taxable as income in the hands of the Shareholder. This amount is, however, in the case of income Shares, deducted from the cost of the Share in computing any capital gains. Equalisation applies only to Shares purchased during the relevant accounting period. It is calculated as the average amount of income included in the issue price of all Shares of the relevant Share class issued during the period.

## **(2) UK information reporting regime**

ICVCs are required to report details of interest distributions paid to UK, and many non-UK investors. Dividend distributions and payments made to ISA investors are not within the scope of these rules but see the paragraphs dealing with "International Tax Compliance" below.

## **(3) Tax Elected Fund ("TEF") regime**

The ACD may, in the future, seek to elect the Company into the TEF regime if it considers that it would be advantageous for the majority of investors in the Company to do so. If the Company is elected into the TEF regime, the UK tax treatment of the Company and its investors would be different to that set out above.

## **(4) International Tax Compliance**

The Company is required to comply with the International Tax Compliance Regulations.

The International Tax Compliance Regulations transpose into UK law rules and obligations derived from international standards and inter-governmental agreements entered into by the UK which are aimed at increasing transparency and reducing tax evasion. The regulations include rules derived from the US Foreign Account Tax Compliance Act ("FATCA") and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("CRS").

To be compliant with the International Tax Compliance Regulations the Company must collect information about each Shareholder's tax residence and, in certain circumstances, provide information about Shareholders' shareholdings to HMRC. HMRC may in turn share this information with overseas tax authorities. Such tasks may be delegated to the Administrator.

### **Shareholders should note that:**

- **they may be asked to provide additional information (including information regarding their tax residence) to the ACD or the Administrator to enable the Company to satisfy these obligations;**
- **the ACD or Administrator may report these details, along with information about a Shareholders' holding, to HMRC; and**
- **HMRC may subsequently exchange this information with other governments or tax authorities in other jurisdictions.**

If a Shareholder fails to provide the information required by the Company to comply with its obligations to HMRC this may result in the ACD taking appropriate action against the Shareholder, including invoking the compulsory transfer and redemption provisions set out in this Prospectus. The Shareholder may also be liable for any penalties suffered by the ACD. The ACD may deduct the amount of any penalty from the Shareholder's account.

## **10. FURTHER INFORMATION**

### **(1) Documents of the Company**

Copies of the Instrument of Incorporation, Prospectus and the most recent annual and half-yearly reports may be inspected (and copies of the Prospectus and the most recent annual and half-yearly reports will be available to any person on request, free of charge) at the Head Office of the ACD. Copies of these documents may be obtained upon application. The address for the Head Office of the ACD is set out in Appendix 5.

## **(2) Future Disclosure**

Each Shareholder may obtain on request from the ACD information supplementary to this Prospectus relating to:

- (a) the quantitative limits applying to the risk management of the Company;
- (b) the methods used in relation to (a); and
- (c) any recent development of the risk and yields of the main categories of investment.

Copies of the contracts of service between the Company and the ACD, and any other directors, will be provided to Shareholders on request.

## **(3) Telephone calls**

Telephone calls may be recorded for regulatory, training or monitoring purposes.

Recordings will be provided on request for a period of at least five years from the date of such recording, or, where requested by a competent regulatory authority, for a period of seven years where the ACD can identify the call.

If an investor asks the ACD for a recording of a particular call the ACD may ask for further information to help identify the exact call to which the investor's request relates to.

## **(4) Address for service**

The address for service of notices or other documents required or authorised to be served on the Company is at its registered office located at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP.

## **(5) Complaints**

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD. If a complaint cannot be resolved satisfactorily with the ACD it may be referred to the Financial Ombudsman Service, Exchange Tower, London, E14 9SR.

A copy of the complaints handling procedure is available from the ACD on request.

## **(6) Data Protection**

**The personal details of each applicant for Shares and each Shareholder will be held by the ACD and/or the Administrator as its agent in accordance with Data Protection Laws for the purposes of carrying out the ACD's agreement with each Shareholder. This may include the transfer of such data to other members of the ACD's group and to other businesses providing services to the ACD (including their offices outside the UK), where the transfer is necessary for the provision of services in relation to the ACD's role as operator of the Company. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the UK. In these instances the ACD will take steps to ensure that your privacy rights are respected.**

Shareholders have the right to access their personal data processed by the ACD together with (in certain circumstances) the right to object to the processing of such data for legitimate reasons. A copy of the ACD's Privacy Notice relating to investors is available at [www.tutman.co.uk](http://www.tutman.co.uk) or on request from [compliance@tutman.co.uk](mailto:compliance@tutman.co.uk).

## **(7) Electronic Verification**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, SYSC and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the ACD must check your identity and the source of the money invested.

The ACD may also request verification documents from parties associated with you. In some cases, documentation may be required for officers performing duties on behalf of bodies corporate. The checks may include an electronic search of information held about you (or your associated party) on the electoral roll and using credit reference agencies. The credit reference agency may check the details you (or your associated party) supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify identity and will not affect your (or your associated party's) credit rating. They may also use your (or your associated party's) details in the future to assist other companies for verification purposes.

If you apply for Shares you are giving the ACD permission to ask for this information in line with Data Protection Laws. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the ACD with your application.

## **(8) Summary of the ACD's haircut policy**

The ACD may have to provide or receive collateral in entering into certain derivative transactions for the Company. In doing so, the ACD may apply a haircut to that collateral. A "haircut" is a percentage that is subtracted from the market value of an asset that is being used as collateral.

The ACD will judge, on a case-by-case basis, the extent and type of collateral to use when negotiating with counterparties and clearing houses and the haircut policy which it will apply.

Where cash is received as collateral it will not be invested in anything other than cash or short-term deposit accounts.

Cash and specific types of collateral will be deemed to be permitted, at the ACD's discretion, for the purposes of the Company's collateral policy.

## **(9) Remuneration**

The ACD has established and applies a remuneration policy, procedure and practice (together, the "Remuneration Policy") which is consistent with, and promotes, sound and effective risk management, and does not encourage risk-taking that is inconsistent with the risk profile or the Instrument of Incorporation. The Remuneration Policy applies to staff whose professional activities have a material impact on the risk profile of the ACD or the Company. The Remuneration Policy does not impair compliance with the ACD's duty to act in the best interests of the Company.

Details of the up-to-date Remuneration Policy including, but not limited to, a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits, including the composition of the remuneration committee, are available on [www.tutman.co.uk](http://www.tutman.co.uk) and a paper copy of such information can be obtained, free of charge, upon request at the offices of the ACD.

## **(10) Risk Management**

The ACD uses a risk management process (including a risk management policy) enabling it to monitor and measure at any time the risk of the Company's positions and their contribution to the overall risk profile of the Company.

The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

- (a) a true and fair view of the types of derivatives and forward transactions to be used within the Company together with their underlying risks and any relevant quantitative limits.
- (b) the methods for estimating risks in derivative and forward transactions.

The ACD must assess, monitor and periodically review:

- (a) the adequacy and effectiveness of the risk management policy and of the arrangements, processes and techniques referred to in COLL 6.12.5R;
- (b) the level of compliance by the ACD with the risk management policy and with those arrangements, processes and techniques referred to in COLL 6.12.5R; and
- (c) the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process.

The ACD must notify the FCA of any material changes to the risk management process.

## APPENDIX 1

### Historical Performance Figures

The below comparisons have been based on **income Shares**.

The performance table shows the total annual return over a five year period up to 31 December in each year listed.

This performance information is net of subscription and redemption fees but does not include the effect of any preliminary charge that may be paid on the purchase of an investment.

<b>Share Class</b>	<b>2019</b> (%)	<b>2020</b> (%)	<b>2021</b> (%)	<b>2022</b> (%)	<b>2023</b> (%)
<b>Income Shares</b>	16.40	6.66	10.09	-14.32	9.78

Source of performance data – Morningstar

These performance figures are presented as a matter of record and should be regarded as such. Performance is determined by many factors including the general direction and volatility of markets and may not be repeatable.

**Investors should note that these figures refer to the past and past performance is not a reliable indicator of future results or rates of return.**

## APPENDIX 2

### Eligible markets

A market is an "eligible market" if it is:

- (1) a regulated market (as defined in the FCA Glossary);
- (2) a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or
- (3) a market which the ACD, after consultation with, and notification to, the Depositary, determines is appropriate for the purpose of investment of, or dealing in, the property of the Company. In accordance with the relevant criteria in COLL, such a market must be regulated; operate regularly; be recognised as a market or exchange or as a self-regulating organisation by an overseas regulator; be open to the public; be adequately liquid; and have adequate arrangements for unimpeded transmission of income and capital to, or to the order of, investors.

Detailed below are the additional eligible markets on which each Fund is currently permitted to deal.

### Eligible securities markets

Australia:	ASX Group
Brazil:	BM & F Bovespa
Canada:	Toronto Stock Exchange TSX Venture Exchange Montreal Exchange
Czech Republic:	Prague Stock Exchange
Hong Kong:	Hong Kong Stock Exchange
India:	National Stock Exchange of India
Indonesia:	Indonesia Stock Exchange
Israel:	Tel Aviv Stock Exchange
Japan:	Nagoya Stock Exchange Osaka Securities Exchange Tokyo Stock Exchange JASDAQ Securities Exchange
Korea:	Korea Composite Stock Price Index
Malaysia:	Bursa Malaysia Bhd
Mexico:	Mexican Stock Exchange
New Zealand:	New Zealand Stock Exchange
Philippines:	NASDAQ OMX PHLX
Singapore:	Singapore Exchange

South Africa:	JSE Limited
Switzerland:	SIX Swiss Exchange AG
Taiwan:	Taiwan Stock Exchange
Thailand:	Stock Exchange of Thailand
Turkey:	Istanbul SE
United Kingdom:	Alternative Investment Market of the London Stock Exchange (AIM)
United States of America:	Chicago Stock Exchange (CHX), NASDAQ, New York Stock Exchange Group, NYSE Arca Equities

**Eligible derivatives markets**

- NYSE Euronext
- London International Financial Futures and Options Exchange (LIFFE).



### APPENDIX 3

#### LIST OF SUB-CUSTODIANS

As appropriate in line with the Eligible Markets (Appendix 2)

Jurisdiction	Sub-custodian	Sub-custodian Delegate
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	
<b>Bahrain</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Bangladesh</b>	Standard Chartered Bank	
<b>Belgium</b>	The Northern Trust Company	
<b>Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Botswana</b>	Standard Chartered Bank Botswana Limited	
<b>Brazil</b>	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	
<b>Canada</b>	Royal Bank of Canada	

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China A Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>Clearstream</b>	Clearstream Banking S.A	
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	
<b>Costa Rica</b>	Banco Nacional de Costa Rica	
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Egypt</b>	Citibank N.A., Cairo Branch	
<b>Estonia</b>	Swedbank AS	
<b>Euroclear</b>	Euroclear Bank S.A/N.V	
<b>Finland</b>	Skandinaviska Enskilda Banken AB (publ)	

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>France</b>	The Northern Trust Company	
<b>Germany</b>	The Northern Trust Company	
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	
<b>Greece</b>	Citibank Europe PLC	
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hong Kong (Stock and Bond Connect)</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hungary</b>	Citibank Europe plc	
<b>Iceland</b>	Landsbankinn hf	
<b>India</b>	Citibank N.A.	
<b>Indonesia</b>	Standard Chartered Bank	
<b>Ireland</b>	The Northern Trust Company, London	
<b>Israel</b>	Citibank, N.A., Israel Branch	
<b>Italy</b>	Citibank Europe plc	
<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Jordan</b>	Bank of Jordan Plc	
<b>Kazakhstan</b>	Citibank Kazakhstan JSC	
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	
<b>Morocco</b>	Société Générale Marocaine de Banques	
<b>Namibia</b>	Standard Bank Namibia Ltd	
<b>Netherlands</b>	The Northern Trust Company	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Oman</b>	First Abu Dhabi PJSC, Oman Branch	
<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Handlowy w Warszawie S.A.	
<b>Portugal</b>	BNP Paribas SA	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	
<b>Russia</b>	AO Citibank	
<b>Saudi Arabia</b>	The Northern Trust Company of Saudi Arabia	
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Singapore</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Slovakia</b>	Citibank Europe PLC	
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	
<b>South Africa</b>	The Standard Bank of South Africa Limited	
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Citibank Europe plc	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Switzerland</b>	UBS AG Switzerland	
<b>Taiwan</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Taiwan) Limited
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	
<b>Tunisia</b>	Union Internationale de Banques	
<b>Turkey</b>	Citibank A.S.	

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	
<b>Ukraine (Market Suspended)</b>	JSC "Citibank"	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Kingdom</b>	Euroclear UK and Ireland Limited (Northern Trust self-custody)	
<b>United States</b>	The Northern Trust Company	
<b>Uruguay</b>	Banco Itau Uruguay S.A.	
<b>Vietnam</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
<b>West Africa (UEMOA)</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Cote d'Ivoire SA
<b>Zambia</b>	Standard Chartered Bank Zambia PLC	
<b>Zimbabwe</b>	The Standard Bank of South Africa Limited	Stanbic Bank Zimbabwe Limited

## APPENDIX 4

### LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD

#### Authorised Contractual Schemes

TM Brunel Pension Partnership  
ACS

#### Authorised Investment Companies with Variable Capital

Arch House Fund  
Ariel Fund  
Bryth ICVC  
Canterbury Investment Fund  
CP Investment Funds  
Destiny Fund ICVC  
Harroway Capital ICVC  
Hawarwatza Fund  
Liberio Portfolio Fund  
Lime Grove Fund  
Meadowgate Funds  
Moulsoe Fund  
Scarp Fund  
Skiwi Fund  
The Ambrose Fund  
The Astral Fund  
The Capital Link Growth Fund  
The Contact Fund  
The Diversification Fund ICVC  
The Dunnottar Fund  
The Global Multi Asset Fund  
The Gulland Fund  
The Hector Fund  
The Juniper Fund  
The Lockerley Fund  
The Mazener Fund  
The MCMLXIII Fund  
The Motim Fund  
The Northern Funds  
The Oenoke Fund  
The Ord Fund ICVC  
The Overstone Fund  
The Penare Fund  
The Saint Martins Fund  
The Staderas Fund  
The Stratford Fund  
The Sun Portfolio Fund  
The TBL Fund  
The TM Lancewood Fund  
The TM Mitcham Fund  
The Torridon Growth Fund  
The Vinings Fund  
The Wharton Fund  
Thesis JDS Fund  
TM Acer Fund  
TM Admiral Fund  
TM Balanced Growth Fund  
TM Brown Advisory Funds

#### Authorised Unit Trusts

BPM Trust  
Eden Investment Fund  
Elfyinn International Trust  
Glenhuntingley Portfolio Trust  
Hawthorn Portfolio Trust  
KES Diversified Trust  
KES Growth Fund  
KES Income and Growth Fund  
KES Ivy Fund  
KES Strategic Investment Fund  
Latour Growth Fund  
Lavaud Fund  
Mossylea Fund  
Pippin Return Fund  
The Argo Fund  
The Castor Fund  
The Darin Fund  
The Delta Growth Fund  
The Deribee Funds  
The Eldon Fund  
The Endeavour II Fund  
The Hall Fund  
The HoundStar Fund  
The Iceberg Trust  
The Maiden Fund  
The Millau Fund  
The Norfolk Trust  
The Notts Trust  
The Palfrey Fund  
The TM Stockwell Fund  
The White Hill Fund  
Thesis Headway Fund  
Thesis Lion Growth Fund  
Thesis PM A Fund  
Thesis PM B Fund  
Thesis Thameside Managed Fund  
TM Balanced Fund  
TM Chainpoint Fund  
TM Growth Fund  
TM Hearthstone UK Residential Feeder Fund  
TM Managed Fund  
TM Masonic Charitable Foundation Investment Fund  
TM Merlin Fund  
TM New Court Fund  
TM New Court Growth Fund



TM Brunsdon OEIC	TM New Court Return Assets Fund
TM Cerno Investment Funds	TM New Institutional World Fund
TM Cresswell Fund	TM Preservation Fund
TM First Arrow Investment Funds	TM Private Portfolio Trust
TM Hearthstone ICVC	TM Stonehage Fleming Global Equities Fund
TM Investment Exposures Fund	TM Stonehage Fleming Global Equities Umbrella Fund
TM Lime Fund	
TM Natixis Investment Funds U.K. ICVC	
TM Oak Fund	
TM Oberon Funds ICVC	
TM OEIC	
TM Optimal Funds	
TM P1 Investment Funds	
TM Redwheel Funds	
TM Ruffer Portfolio	
TM Stonehage Fleming Global Multi-Asset Umbrella Fund	
TM Stonehage Fleming Investments Funds	
TM Total Return Fund	
TM UBS (UK) Fund	
TM Veritas Investment ICVC	
Trowbridge Investment Funds	
Vastata Fund	

## APPENDIX 5

### Directory of Contact Details

<b>ACD</b>	<b>Thesis Unit Trust Management Limited</b> Exchange Building St John's Street Chichester, West Sussex PO19 1UP
<b>Administrator, Fund Accountant and Registrar</b>	<b>Northern Trust Global Services SE, UK branch</b> 50 Bank Street Canary Wharf, London E14 5NT
<i>Dealing Office</i>	<b>Thesis Unit Trust Management Limited</b> Sunderland SR43 4AZ  Telephone number: 0333 300 0375
<b>Auditors</b>	<b>Grant Thornton UK LLP</b> 30 Finsbury Square London EC2P 2YU
<b>Custodian</b> <i>Principal place of business:</i>	<b>The Northern Trust Company</b> 50 South LaSalle Street, Chicago, Illinois, USA
<i>Who may also act under this power through its London branch:</i>	50 Bank Street, Canary Wharf, London E14 5NT
<b>Depository</b>	<b>NatWest Trustee and Depository Services Limited</b> House A, Floor 0, Gogarburn 175 Glasgow Road, Edinburgh EH12 1HQ
<b>Investment Managers</b>	<b>J.P. Morgan SE, London Branch</b> 25 Bank Street London E14 5JP <a href="https://privatebank.jpmorgan.com/">https://privatebank.jpmorgan.com/</a>  <b>Meridien Investment Management Limited</b> Riverside House, 2a Southwark Bridge Road London SE1 9HA <a href="http://www.meridieminvestment.com">www.meridieminvestment.com</a>
<b>Sub-Investment Manager</b>	<b>JPMorgan Asset Management (UK) Limited</b> 25 Bank Street London E14 5JP
<b>Financial Conduct Authority (FCA)</b>	12 Endeavour Square London E20 1JN