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PROSPECTUS

of

**Harroway Capital ICVC**

An umbrella NURS  
Investment Company with Variable Capital

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Prepared in accordance with the Collective Investment Schemes Sourcebook.

Valid as at and dated 9 September 2025

This document constitutes the Prospectus for Harroway Capital ICVC (the 'Company') which has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook ('COLL') and the Investment Funds Sourcebook ('FUND') 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

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# PROSPECTUS

OF

## HARROWAY CAPITAL 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 has been established as a Non-UCITS retail scheme. It is not intended that the Company will be marketed outside the UK. This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and the offering of Shares in the Company may be restricted in other jurisdictions. Potential Shareholders must inform themselves of the legal requirements and restrictions of their own jurisdiction and act accordingly. This Prospectus does not amount to a solicitation or offer by any person in any jurisdiction in which such solicitation or offer would be unauthorised or unlawful.

In particular, the Shares have not been and will not be registered under the 1933 Act, as amended, or any applicable securities laws of any state of the United States of America. They may not be offered or sold directly or indirectly in the United States of America, 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 United States law. The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been and will not be registered under the United States Investment Advisers Act of 1940, as amended.

The 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 and FUND to be included in it. The ACD accepts responsibility accordingly.

The Depositary is not responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefor under the FCA Rules or otherwise.

Copies of this document have been sent to the Financial Conduct Authority and to the Depositary in accordance with the COLL Sourcebook.

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out-of-date Prospectus when it has issued a new Prospectus and potential investors should check that they have the most recently published Prospectus. Purchases must be made on the basis of the information contained in the most recently published Prospectus and supplementary documentation, including the latest 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. Potential Shareholders should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

**IMPORTANT: If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.**

## **GENERAL WARNINGS FOR INVESTORS**

- Collective investment schemes should be regarded as long term investments.
- The value of the Shares is not itself affected by market forces (as the Shares are not listed or traded on any investment exchange), but equates to the value of the Company's assets less the value of its liabilities.
- The value of those assets and the income from them, and consequently the value of the Shares and the income from them, can go down as well as up and is not guaranteed.
- Past performance is not necessarily a guide to future performance.
- Investors may not get back the amount originally invested in their Shares.
- Exchange rate changes may cause the value of overseas investments to rise or fall. Investors should have regard also to the more detailed risk factors set out in this Prospectus.

### **Data Protection:**

The personal details of each applicant for Shares will be held by the ACD and/or the Administrator as its agent in accordance with the 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).

### **Electronic Verification**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, the Senior Management Arrangements, Systems and Controls Sourcebook 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 the 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.

### **Dealing in Shares – 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 units 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 Sub-fund in accordance with COLL; or
2. The money is held in the course of redeeming Shares, where the proceeds are paid to the client within the timeframe specified in COLL.

Where money is received in either of the circumstances set out in 1. or 2. 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 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.

## Introduction

This document is the Prospectus of **Harroway Capital ICVC** (the 'Company'). In this Prospectus the below words and expressions shall have the following meanings:

## Definitions

<b>'ACD'</b>	Thesis Unit Trust Management Limited, the Authorised Corporate Director of the Company;
<b>'ACD Agreement'</b>	an agreement entered into by the Company and the ACD, as from time to time amended;
<b>'Act'</b>	the Financial Services and Markets Act 2000;
<b>'Accumulation Share'</b>	any Share (of whatever class) in the Company as may be in issue from time to time in respect of which income allocated thereto is credited periodically to capital pursuant to the Regulations;
<b>'Administrator'</b>	Northern Trust Global Services SE, UK branch, in its capacity as administrator of the Company;
<b>'AIFM'</b>	an alternative investment fund manager as defined in the FCA Glossary;
<b>'AIFMD'</b>	the Alternative Investment Fund Managers Directive (2011/61/EU);
<b>'AIFMD Level 2 regulation'</b>	as defined in the FCA Glossary;
<b>'AIFMD UK regulation'</b>	the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773).
<b>'Approved Bank'</b>	(in relation to a bank account opened for the Company):  (a) if the account is opened at a branch in the United Kingdom:  (i) the Bank of England; or  (ii) the central bank of a member state of the OECD; or  (iii) a bank; or  (iv) a building society; or  (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or  (b) if the account is opened elsewhere:  (i) a bank in (a); or  (ii) a bank which is regulated in the Isle of Man or the Channel Islands; or

- (c) a bank supervised by the South African Reserve Bank; or
- (d) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator.

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

<b>'Approved Derivative'</b>	an approved derivative is one which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of such market;
<b>'Business Day'</b>	a weekday being Monday to Friday (excluding any public or bank holiday in England);
<b>'CASS'</b>	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;
<b>'CCP'</b>	as defined in the FCA Glossary;
<b>'COLL'</b>	the Collective Investment Schemes Sourcebook published by the FCA as part of the FCA Handbook made under the Act as may be amended, or replaced, from time to time;
<b>'Company'</b>	Harroway Capital ICVC;
<b>'Custodian'</b>	the person who provides custodian services to the Company, being The Northern Trust Company, and its successor or successors as custodian;
<b>'Data Protection Laws'</b>	<p>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:</p> <ul style="list-style-type: none"> <li>(a) the UK GDPR;</li> <li>(b) the Data Protection Act 2018;</li> <li>(c) any laws which implement any such laws; and</li> <li>(d) 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</li> <li>(e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws;</li> </ul>
<b>'Dealing Day'</b>	each Thursday or, if that is not a Business Day, then the next Business Day and the last Business Day of the month;
<b>'Depositary'</b>	the person to whom is entrusted the safekeeping of all of the Scheme Property of the Company (other than certain Scheme Property designated by the FCA Rules), being NatWest Trustee and

	Depository Services Limited and its successor or successors as depository;
<b>'Depository Agreement'</b>	the agreement between the Company, the ACD and the Depository regarding the appointment of the Depository;
<b>'EEA'</b>	the European Economic Area;
<b>'EEA State'</b>	a member state of the European Union and any other state which is within the EEA;
<b>'Efficient Portfolio Management' or 'EPM'</b>	techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria: <ul style="list-style-type: none"> <li>(a) they are economically appropriate in that they are realised in a cost effective way;</li> <li>(b) they are entered into for one or more of the following specific aims: <ul style="list-style-type: none"> <li>(i) reduction of risk;</li> <li>(ii) reduction of cost;</li> <li>(iii) 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;</li> </ul> </li> </ul>
<b>'Eligible Institution'</b>	as defined in the FCA Glossary;
<b>'EMIR'</b>	as defined in the FCA Glossary;
<b>'ERISA Plan'</b>	(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);
<b>'EUWA'</b>	the European Union (Withdrawal) Act 2018;
<b>'FCA'</b>	the Financial Conduct Authority (whose address is set out in Schedule 6) or any successor body;
<b>'FCA Glossary'</b>	the glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time;
<b>'FCA Handbook'</b>	the FCA Handbook of rules and guidance, including COLL and FUND, as amended from time to time;



<b>'FCA Rules'</b>	the rules contained in COLL and FUND but, for the avoidance of doubt, not including guidance or evidential requirements contained in either sourcebook;
<b>'Financial Instruments'</b>	as defined in the FCA Glossary;
<b>'FUND'</b>	the Investment Funds Sourcebook published by the FCA as part of the FCA Handbook made under the Act as it may be amended or replaced from time to time;
<b>'Fund Accountant'</b>	the person who provides fund accounting services, being Northern Trust Global Services SE, UK branch and its successor or successors as fund accountant;
<b>'Hedging'</b>	the use of derivative transactions (which the ACD reasonably believes to be economically appropriate and to be fully covered) to reduce risk and cost to the Company and to generate additional capital or income with no, or with an acceptably low level of, risk;
<b>'HMRC'</b>	HM Revenue and Customs;
<b>'Home State'</b>	as defined in the FCA Glossary;
<b>'ICVC'</b>	investment company with variable capital;
<b>'Income Share'</b>	any Share (of whatever class) in the Company as may be in issue from time to time in respect of which income allocated thereto is distributed periodically to the holders thereof pursuant to the Regulations;
<b>'Instrument of Incorporation'</b>	the instrument of incorporation constituting the Company, as amended from time to time;
<b>'International Tax Compliance Regulations'</b>	the International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time;
<b>'Investment Manager'</b> or <b>'Investment Managers'</b>	the firm(s) named in paragraph 7 as Investment Manager(s) to the Sub-fund and any additional or replacement firm(s) from time to time appointed by the ACD as an Investment Manager to the Sub-fund;
<b>'Net Asset Value'</b> or <b>'NAV'</b>	the value of the Scheme Property of the Company or of any Sub-fund (as the context may require) less the liabilities of the Company (or the Sub-fund concerned) as calculated in accordance with the Instrument of Incorporation;
<b>'New Shares'</b>	as defined in paragraph 13.1;
<b>'Non-UCITS retail scheme'</b>	an authorised fund which is not a UK UCITS, a qualified investor scheme or a long-term asset fund;
<b>'OECD'</b>	the Organisation for Economic Cooperation and Development;

<b>'OEIC Regulations'</b>	The Open-Ended Investment Companies Regulations 2001 (S1 2001/1228), as amended or re-enacted from time to time;
<b>'Old Shares'</b>	as defined in paragraph 13.1;
<b>'OTC derivative'</b>	over-the-counter derivative;
<b>'Prime Broker'</b>	a credit institution, regulated investment firm or another entity subject to prudential regulation and ongoing supervision, offering services to professional clients primarily to finance or execute transactions in Financial Instruments as counterparty and which may also provide other services, such as clearing and settlement of trades, custodial services, stock lending, customised technology and operational support facilities. The Company does not currently require the services of a Prime Broker;
<b>'Register'</b>	the register of Shareholders of the Company;
<b>'Registrar'</b>	Northern Trust Global Services SE, UK branch, in its capacity as registrar of the Company;
<b>'Regulations'</b>	the OEIC Regulations and the FCA Rules;
<b>'Scheme Property'</b>	the property of the Company or a Sub-fund (as appropriate) to be given to the Depositary for safekeeping, as required by the FCA Rules;
<b>'Share' or 'Shares'</b>	a Share or Shares in the Company, as the case may be;
<b>'Share Class'</b>	a particular class of Shares as described in paragraph 2;
<b>'Shareholder'</b>	a holder of Shares;
<b>'Smaller Denomination Share'</b>	smaller denomination Share (on the basis that one thousand smaller denomination Shares make one larger denomination Share);
<b>'SDRT'</b>	Stamp Duty Reserve Tax;
<b>'Sterling' and the sign '£'</b>	pounds sterling of the United Kingdom;
<b>'Sub-fund' or 'Sub-funds'</b>	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund;
<b>'Switch'</b>	the exchange where permissible of Shares of one Share Class or Sub-fund for Shares of another Share Class or Sub-fund;
<b>'UCITS Directive'</b>	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;

<b>'United Kingdom' or 'UK'</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>'UK AIF'</b>	as defined in the FCA Glossary;
<b>'UK AIFM'</b>	an AIFM established in the UK and with a permission under Part 4A of the Act to carry on the regulated activity of managing an AIF;
<b>'UK AIFM regime'</b>	means: <ul style="list-style-type: none"> <li>(a) the AIFMD UK regulation;</li> <li>(b) the AIFMD Level 2 regulation; and</li> <li>(c) all other UK law and regulation (including FUND) which, when made, implemented AIFMD in the UK;</li> </ul>
<b>'UK CRR'</b>	as defined in the FCA Glossary;
<b>'UK GDPR'</b>	Regulation 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;
<b>'UK UCITS'</b>	as defined in the FCA Glossary;
<b>'United States' or 'US'</b>	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
<b>'US Persons'</b>	a person who is in either of the following two categories: <ul style="list-style-type: none"> <li>(a) a person included in the definition of "U.S. person" under Rule 902 of Regulation S under the 1933 Act; or</li> <li>(b) a person excluded from the definition of a "Non-United States Person" as used in Commodity Futures Trading Commission ('CFTC') Rule 4.7.</li> </ul> <p>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;</p>
<b>'VAT'</b>	value added tax;
<b>'Valuation Point'</b>	the point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Share Class may be issued, cancelled, sold, redeemed or exchanged;
<b>'1933 Act'</b>	The United States Securities Act of 1933 (as may be amended or re-enacted); and

**'1940 Act'**

The United States Investment Company Act of 1940 (as may be amended or re-enacted).

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 a Schedule to paragraphs mean paragraphs in the relevant Schedule unless otherwise stated.

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

Unless otherwise defined in the Definitions above 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.

**1. The Company**

- 1.1 Harroway Capital ICVC is an umbrella open-ended investment company with variable capital ('ICVC'), incorporated in England and Wales under registered number IC000923. The fund was authorised by the Financial Services Authority pursuant to an authorisation order dated 9 November 2011. The Financial Services Authority has now been superseded by the FCA and the Prudential Regulation Authority.
- 1.2 The Company launched on 11 November 2011 and has an unlimited duration. The FCA's product reference number, for the Company, is 568515.
- 1.3 The head office of the Company is at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP. This is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.
- 1.4 The base currency of the Company and each Sub-fund is Sterling.
- 1.5 The maximum Share capital of the Company is currently £100,000,000,000 and the minimum is £10,000. Shares in the Company have no par value and therefore the Share capital of the Company at all times equals the sum of the current Net Asset Values of each of the Sub-funds.
- 1.6 Shareholders in the Company are not liable for the debts of the Company.
- 1.7 The Company has been established as a Non-UCITS retail scheme and a UK AIF for the purposes of the UK AIFM regime. It is not intended that the Company will be marketed outside the UK. On the establishment of a new Share Class an updated Prospectus will be prepared setting out the relevant information concerning the new Share Class.

## 1.8 Company Structure

- (a) The Company is structured as an umbrella company, in that different Sub-funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Sub-fund or Share Class, a revised prospectus will be prepared setting out the relevant details of each Sub-fund or Share Class.
- (b) As of the date of this Prospectus the Company has one Sub-fund available for investment, 'The Harroway Fund' (the 'Sub-fund'). The Sub-fund is a Non-UCITS retail scheme and details of its investment objective and policy are set out in Schedule 1. The FCA's product reference number, for the Sub-fund, is 637697.
- (c) Please refer to paragraph 31 for information on the umbrella structure.
- (d) The assets of each Sub-fund will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of the Sub-fund must comply with COLL and the investment objectives and policy of the relevant Sub-fund.
- (e) The eligible securities markets and eligible derivatives markets on which the Sub-funds may invest are set out in Schedule 3. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-fund is set out in Schedule 2.
- (f) The Sub-funds are segregated portfolios of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the Company, or any other Sub-fund, and shall not be available for any such purpose.
- (g) Each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Share Classes in accordance with the terms of issue of those Share Classes. Any assets, liabilities, expenses, costs or charges not attributable to one Sub-fund only and allocated in accordance with FCA Rules, may be reallocated by the ACD within the Company provided that such reallocation shall be done in a manner which is fair to the Shareholders as a whole. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds. So far as the Shareholders are concerned, each Sub-fund is treated as a separate entity.
- (h) While provisions of the OEIC Regulations provide for segregated liability between the Sub-funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts, or under foreign law contracts, it is not known how those foreign courts will react to regulations 11A and 11B of the OEIC Regulations.
- (i) The Company is a collective investment scheme in which each investor's funds are pooled with all other investors' funds. The ACD

takes reasonable steps to ensure that each investment transaction carried out within the Company is suitable for the Company, having regard to the investment objective and policy of the Company. This Prospectus is intended to provide information about the Company to potential investors. The assets of each Sub-fund will be treated as separate from those of every other Sub-fund.

## 1.9 **Winding-up the Company**

The Company will continue until wound up. The Company may be wound up as an unregistered company under Part V of the Insolvency Act 1986 or, for the Company, or termination of a Sub-fund, under the Regulations.

- (a) Where the Company is to be wound up or a Sub-fund terminated under the Regulations, such winding up or termination may only be commenced provided effect has been given, under regulation 21 of the OEIC Regulations, to proposals to (i) wind up the affairs of the Company or (ii) make alterations to the Company's instrument of incorporation and prospectus that is required if a Sub-fund is terminated; and
- (b) A statement has been prepared, delivered to the FCA under COLL 7.3.5 (R) (solvency statement) and received by the FCA prior to satisfaction of the condition in (a) above.
- (c) The Company may not be wound up under the Regulations if there is a vacancy in the position of ACD at the relevant time.
- (d) The Company may be wound up or a Sub-fund may be terminated under the Regulations if:
  - (1) an extraordinary resolution to that effect is passed by Shareholders; or
  - (2) the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up (for example, if the Share capital of the Company is below its prescribed minimum or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is less than £5,000,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to wind up the Company); or
  - (3) on the date stated in any agreement by the FCA to a request by the ACD for the winding up of the Company or for the termination of the relevant Sub-fund; or
  - (4) on the effective date of a duly approved scheme of arrangement which is to result in the Company, or the Sub-fund, ceasing to hold any Scheme Property;
  - (5) in the case that the company is an umbrella, on the date on which all its sub-funds fall within (4) above or have otherwise

ceased to hold Scheme Property, despite that the company may have assets and liabilities that are not attributable to any particular sub-fund.

- (e) On the occurrence of any of the above:
  - (1) The parts of the FCA Rules and the Instrument of Incorporation relating to Single Pricing and Dealing and Investment and Borrowing respectively, will cease to apply to the Company or the relevant Sub-fund;
  - (2) The Company will cease to issue and cancel Shares in the Company or the relevant Sub-fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-fund;
  - (3) No transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
  - (4) Where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
  - (5) The corporate status and powers of the Company and, subject to the provisions of paragraphs 1.9(e)(1) and 1.9(e)(2) above, the powers of the ACD shall remain until the Company is dissolved.
- (f) The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be wound up or terminated, as the case may be, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to Shareholders proportionately to their rights to participate in the Scheme Property of the Company. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be realised, the ACD shall arrange for the Depositary to also make a final distribution to Shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-fund.
- (g) As soon as reasonably practicable after completion of the winding up of the Company or the termination of the particular Sub-fund, the Depositary shall notify the FCA that the winding up or termination has been completed.
- (h) On completion of a winding up of the Company, 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.
- (i) Following the completion of a winding up or termination of either the

Company or the Sub-fund, the ACD must prepare a final account showing how the winding up or termination took place and how the Scheme Property was distributed. The Auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the Auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) within four months of the completion of the winding up.

## 2. **Shares**

### **Classes of Share within the Sub-funds**

- 2.1 The Share Classes presently available are set out in Schedule 1. Further Share Classes may be made available in due course, as the ACD may decide.
- 2.2 The minimum initial investment and minimum holding for each Share Class is Shares having a value of £100,000 and the minimum subsequent investment for each Share Class is Shares having a value of £10,000. These limits may be waived at the discretion of the ACD.
- 2.3 Whether a Share Class is available as Income Shares and/or Accumulation Shares is set out in Schedule 1.
- 2.4 Shares have no par value and, within each Share Class in each Sub-fund, subject to their denomination, are entitled to participate equally in the profits arising in respect of such Sub-fund, and in the proceeds of the liquidation of the Company or termination of the relevant Sub-fund. Shares do not carry preferential or pre-emptive rights to acquire further Shares.
- 2.5 Further Share Classes may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Sub-fund or Share Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of Sub-fund or each Share Class.
- 2.6 The currency in which each new Share Class will be denominated will be determined at the date of creation and set out in the Prospectus issued in respect of the new Share Class.
- 2.7 The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund. The Company as a whole will be responsible for all obligations, whichever Sub-fund such liabilities are attributable to, unless otherwise agreed with specific creditors.
- 2.8 To the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Sub-fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between Sub-funds in a manner which is fair to all Shareholders of the Company.
- 2.9 Where a Sub-fund has different Share Classes, each Share Class may attract different charges and expenses and so monies may be deducted from Share



Classes in unequal proportions. In these circumstances the proportionate interests of the Share Classes within a Sub-fund will be adjusted accordingly.

- 2.10 When available, Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a Share Class or a Sub-fund for Shares of another Share Class within a different Sub-fund of the Company. Details of this switching facility and the restrictions are set out in paragraph 13.
- 2.11 Names and addresses of Shareholders will be entered in the Register to evidence title to 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 holdings or exchange of their Shares to or for Shares in any other fund operated by ACD.

### 3. **Management and Administration**

#### 3.1 **Authorised Corporate Director ('ACD')**

- (a) 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.
- (b) The ACD is also the AIFM for the purposes of the UK AIFM regime.
- (c) Registered office and head office:  
  
Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP
- (d) Telephone number: 01243 531234
- (e) Ordinary share capital issued and paid up: £5,673,167
- (f) The ACD is responsible for managing and administering the Company's affairs in compliance with the Regulations. The ACD also acts as authorised fund manager of other regulated collective investment schemes; details of these schemes (as at the date of this Prospectus) are set out in Schedule 4.
- (g) The ACD is authorised and regulated by the Financial Conduct Authority in the conduct of regulated activities.
- (h) The ACD is the sole director of the Company.
- (i) The directors of the ACD are:
- |              |                                    |
|--------------|------------------------------------|
| S R Mugford  | Finance Director                   |
| D W Tyerman  | Chief Executive Officer            |
| 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 |
| S Macdonald  | Independent Non-Executive Director |
| L R Robinson | Independent Non-Executive Director |

C J Willson                      Independent Non-Executive Director  
N C Palios                        Non-Executive Chair

- (j) S R Mugford is also a director of Tutman Fund Solutions Limited and a member of the governing body of TUTMAN LLP, both authorised fund managers with the same group as the ACD, performing a senior management function. He holds directorships of other companies within the Thesis group and performs a senior management function within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.
- (k) D W Tyerman is also a member of the governing body of TUTMAN LLP, an authorised fund manager with the same group as the ACD, performing senior management functions. He holds directorships of other companies within the Thesis group and performs senior management functions within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.
- (l) S E Noone is also a member of the governing body of TUTMAN LLP, an authorised fund manager with the same group as the ACD, performing a senior management function.
- (m) N C Palios is also a director of Tutman Fund Solutions Limited and a member of the governing body of TUTMAN LLP, both authorised fund managers with the same group as the ACD, performing a senior management function. She holds directorships of other companies within the Thesis group and performs a senior management function within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.
- (n) The ACD will cover at all times the risks outlined below of loss or damage caused by any relevant person through the negligent performance of activities for which the ACD has legal responsibility by maintaining an amount of own funds, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules. In addition, the ACD holds significant professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules.
- (o) The risks which are specifically covered by this approach include, without being limited to, risks of:
  - (1) loss of documents evidencing title of assets of the Company;
  - (2) misrepresentations or misleading statements made to the Company or its investors;
  - (3) acts, errors or omissions resulting in a breach of:
    - 1. legal and regulatory obligations;

2. duty of skill and care towards the Company and its investors;
  3. fiduciary duties;
  4. obligations of confidentiality;
  5. the terms of the Instrument of Incorporation;
  6. terms of appointment of the ACD by the Company;
- (4) failure to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts;
- (5) improperly carried out valuation of assets or calculation of Share prices.

### 3.2 **Terms of Appointment**

- (a) The ACD was appointed by the ACD Agreement. The ACD Agreement provides that the appointment of the ACD may be terminated on the expiry of not less than three months' written notice by either the ACD or the Company. The appointment of the ACD may be terminated by the Depositary (in accordance with COLL rule 6.5.4). Termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.
- (b) The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the ACD Agreement. The ACD Agreement provides indemnities and exculpations from liability to the ACD to the extent allowed by the Regulations. Copies of the ACD Agreement are available to Shareholders on request.
- (c) From time to time the ACD may hold Shares in the Company as principal. Investors buy and redeem Shares through the ACD who nets them to reduce the number of Shares issued or cancelled by the Company. When carrying out deals in Shares the ACD acts as principal but does not profit from this activity.
- (d) The main business activities of the ACD are (i) acting as an authorised corporate director, and (ii) fund administration.

### 3.3 **Delegation by the ACD**

Subject to the FCA Rules, the ACD may delegate certain of its functions. Accordingly:

- (a) the ACD has delegated the provision of investment management services to the Investment Managers; and
- (b) the ACD has delegated certain administrative functions to the Registrar, the Administrator and the Fund Accountant.

#### 4. **The Depositary**

- 4.1 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.
- 4.2 The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland.
- 4.3 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 Schedule 6.
- 4.4 The Depositary's principal activity is the provision of trustee and depositary services.
- 4.5 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.

#### 4.6 **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.

#### 4.7 **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, COLL and FUND.

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 Schedule 6. 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').

Under the Depositary Agreement the Depositary will be liable to the Company for any loss of Financial Instruments held in custody or for any liabilities incurred by the Company as a direct result of the Depositary's fraud, negligence or negligent or intentional failure to properly fulfil its obligations under the Depositary Agreement or the UK AIFM regime.

However, where the event which led to the loss of a Financial Instrument is not the result of the Depositary's own act or omission (or that of its sub-

custodian), the Depositary is discharged of its liability for the loss of a Financial Instrument where the Depositary can prove that the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice and despite rigorous and comprehensive due diligence. The ACD will inform investors without delay of any changes with respect to the Depositary's liability.

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.

Other than to exercise the rights of lien or set off over the Scheme Property in relation to unpaid fees and expenses in relation to the proper performance of services under the Depositary Agreement or sub-custody agreement and unless otherwise agreed by the ACD on behalf of the Company, the Depositary shall not be entitled to, and no sub-custodian of the Depositary shall be authorised by the Depositary to, transfer or re-use for its own purpose and benefit any of the Scheme Property it has been entrusted with.

Details of the fees payable to the Depositary are set out in this Prospectus at paragraph 28.

#### **4.8 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, a particular Sub-fund, 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 and has confirmed that it is not aware of any conflict of interest arising from its delegation of custody of the Scheme Property to the Custodian. Should any

such conflict arise, the Depositary shall notify the ACD and take necessary steps to address the conflict.

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.

## 5. **Administrator, Registrar and Fund Accountant**

- 5.1 The ACD has appointed Northern Trust Global Services SE, UK branch to act as Registrar to the Company. The ACD has delegated the function of administrator and fund accountant to Northern Trust Global Services SE, UK branch as Administrator and Fund Accountant to the Company.
- 5.2 The address, where the Register is kept, is set out at paragraph 6 below.
- 5.3 The duties of the Registrar and Administrator include:
  - (a) maintaining the Register;
  - (b) receiving and processing requests for subscriptions for, or redemptions of, Shares in the Company;
  - (c) administrating the payment of distributions to Shareholders in the Company;
  - (d) dealing with certain regulatory reporting requirements on behalf of the Company and the ACD;
  - (e) maintaining the accounting records of the Company;
  - (f) assisting in calculating the Net Asset Value of the Company, as well as to provide fund accounting services in respect of the Company.
- 5.4 In line with the regulations that govern such operational outsourcing, the ACD retains responsibility for all work performed on its behalf and investors' rights are not affected by this delegation.
- 5.5 There are no conflicts of interest arising through delegation of these functions by the ACD.

## 6. **Register**

The Register is maintained by the Administrator.

The Register is kept and may be inspected at 50 Bank Street, Canary Wharf, London E14 5NT (during normal business hours) by any Shareholder or any Shareholder's duly authorised agent.

## 7. **The Investment Managers**

- 7.1 The ACD has appointed the Investment Managers listed below to provide investment management and related advisory services to the ACD. Each Investment Manager has full discretionary powers over the investment of the part of the property of the Sub-fund entrusted to it subject to the overall responsibility and right of veto of the ACD. Additional Investment Managers

may be appointed in the future. Each Investment Manager may only sub-delegate its functions with the prior consent of the ACD.

**Handelsbanken Wealth & Asset Management Limited** (formerly **Heartwood Wealth Management Limited**), a private limited company incorporated in England and Wales with registered number 04132340 and authorised and regulated by the FCA under firm reference number 197340.

**Baillie Gifford & Co**, a Scottish partnership authorised and regulated by the FCA under number 142597.

**Thesis Asset Management Limited**, a company incorporated in England and Wales with registered number 01802101 and authorised and regulated by the FCA under number 114354.

Thesis Asset Management Limited is the only Investment Manager connected with the ACD, as it is in the same group as the ACD.

**Brown Advisory Limited**, a private limited company incorporated in England and Wales with registered number 06363486 and authorised and regulated by the FCA under firm reference number 475370.

**Schroder & Co Limited (trading as Cazenove Capital)**, a company incorporated in England and Wales with registered number 02280926 and authorised and regulated by the Financial Conduct Authority. The address of the registered office of each Investment Manager is set out in Schedule 6.

- 7.2 The Investment Managers are authorised to carry on investment business in the UK by virtue of being authorised and regulated by the Financial Conduct Authority.
- 7.3 Thesis Asset Management Limited is the only Investment Manager connected with the ACD, as it is in the same group as the ACD.
- 7.4 Each Investment Manager is required to comply with its own execution policy to allow it to obtain the best possible results for the Fund. A copy of each Investment Manager's execution policy is available on request from the ACD or may be available from the Investment Manager's website, listed in Schedule 6.

7.5 **Principal Business Activity**

The principal business activity of the Investment Managers is investment management.

7.6 **Terms of Agreements**

The appointment of each Investment Manager has been made under an agreement between the ACD and each Investment Manager (each an 'Investment Management Agreement'). Each Investment Management Agreement may be terminated immediately by the ACD if it is in the interests of investors. Each Investment Management Agreement contains provisions to the following effect:

- (a) the ACD will indemnify the Investment Manager against certain losses

incurred by the Investment Manager but, in the absence of fraud, the ACD's liability will be limited to the assets of the Company available to meet such a claim;

- (b) the Investment Manager will be liable for certain losses suffered by the ACD or the Company;
- (c) the Investment Manager shall not be liable for any non-performance of its obligations due to causes beyond its control; and
- (d) the Investment Management Agreement is governed by English law and the parties submit to the exclusive jurisdiction of the English courts.

The main legal implications of the contractual relationship entered into for the purpose of investment in the Company are as follows:

- (a) By investing in the Company through the means of electronic communications, by telephone or by submitting an application form to the Administrator, the investor makes an offer to subscribe for Shares which, once it is accepted by the ACD, or the Administrator on its behalf, has the effect of a binding contract to subscribe for Shares.
- (b) The provisions of the scheme documents made between the ACD and the Depositary by way of which the Company is constituted, as the same may be amended from time to time are binding on each of the Shareholder (who are taken to have notice of them) as if that Shareholder was a party to it with effect on and from the date that any person has become a Shareholder.
- (c) The scheme documents and the application form are each made under and governed by and shall be construed in accordance with the laws of England and Wales. The Company, the ACD and Shareholders of the Company will be subject to the exclusive jurisdiction of the courts of England and Wales to settle any dispute or claim arising out of or in connection with a Shareholder's investment in the Company or any related matter.
- (d) The scheme documents may be amended by agreement between the ACD and the Depositary.
- (e) Absent a direct contractual relationship between a Shareholder and the relevant service provider, Shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Shareholder may potentially bring a claim against the relevant service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Company by the relevant service provider is, prima facie, the Company itself or the ACD acting on behalf of the Company, as the case may be.
- (f) The Investment Manager may hold or trade in securities and instruments of the same type as the securities and instruments held or traded in by funds and fund managers; they may also utilise the same or similar strategies as those adopted by the fund managers. The



Investment Manager may therefore trade and compete with fund managers and funds on an arm's length basis. In addition, the Investment Manager may make investments in other funds managed or advised by it.

- 7.7 The Investment Managers have discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Company. The Investment Managers may appoint an affiliate of any existing service provider or any other third party to act as a counterparty in the execution of foreign exchange transactions in connection with the currency hedging activities of the Company and/or to implement the currency hedging strategy.

## 8. **The Auditor**

- 8.1 The Auditors of the Company are Grant Thornton UK LLP, whose address is set out in Schedule 6.
- 8.2 The duties of the Auditors are to carry out an annual audit of the Company and to issue a report including the following statements:
- a) whether, in the Auditor's opinion, the accounts have been properly prepared in accordance with the relevant Statement of Recommended Practice, the rules in COLL, and Instrument of Incorporation;
  - b) whether, in the Auditor's opinion, the accounts give a true and fair view of the net revenue and the net capital gains or losses on the Scheme Property of the Company for the annual accounting period in question and the financial position of the Company as at the end of that period;
  - c) whether the Auditor is of the opinion that proper accounting records for the Company have not been kept or whether the accounts are not in agreement with those records;
  - d) whether the Auditor has been given all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of this audit; and
  - e) whether the Auditor is of the opinion that the information given in the report of the ACD for that period is consistent with the accounts.

## 9. **Conflicts of Interest**

### 9.1 **Conflicts**

Conflicts may arise between the interests of the ACD and its permitted delegates in certain circumstances, for example, where there is likelihood that:

- (a) the delegate and an investor in a Company are members of the same group or have any other contractual relationship, if the investor controls the delegate or has the ability to influence its actions (in such cases the likelihood of conflict is likely to increase the greater the extent of such control);

- (b) the delegate makes a financial gain, or avoids a financial loss, at the expense of the Company or the investors in the Company;
- (c) the delegate has an interest in the outcome of a service or an activity provided to the ACD or the Company;
- (d) the delegate has a financial or other incentive to favour the interest of another client over the interests of the Company or the investors in the Company;
- (e) the delegate receives or will receive from a person other than the ACD an inducement in relation to the collective portfolio management activities provided to the ACD and the Company in the form of monies, goods or services other than the standard commission or fee for that service.

9.2 The ACD has a policy and procedures in place to monitor the conflicts of interest that may arise in the context of its delegation of certain of its functions. To the extent any actual conflicts of interest are determined to have arisen, the ACD will manage such conflicts to minimise any impact on the investment performance, and will also seek to prevent them from reoccurring. Certain activities may be required to be modified or terminated to minimise conflicts of interest which may be identified from time to time. Unless otherwise agreed by the Company or the ACD, the Depositary shall not be entitled to, and no sub-custodian shall be authorised by the Depositary to re-use for its own purpose and benefit any of the Company's assets it has been entrusted with.

9.3 Although conflicts of interest can also arise where the delegate and the ACD are members of the same group or have any other contractual relationship and the delegate controls the ACD or has the ability to influence its actions, it is not currently considered that there are material existing conflicts of interest between the ACD and Thesis Asset Management Limited (in its role as one of the Investment Managers). Thesis Asset Management Limited is connected with the ACD, as the ACD is a UK subsidiary of Thesis Asset Management Limited.

## 10. **Buying, Selling and Switching Shares**

The dealing desk of the ACD is open from 9.00 a.m. until 5.00 p.m. on each Dealing Day to receive requests for the issue, redemption and switching of Shares, which will be effected at prices determined at the next Valuation Point following receipt of such request.

## 11. **Buying Shares**

11.1 Shares in the Company can be bought by sending a completed application form or clear written instructions to Thesis Unit Trust Management Limited at the dealing office of the Administrator:

- (a) by post to the Dealing Office address specified in Schedule 6; or
- (b) through the means of electronic communication (in accordance with paragraphs 11.3 and 11.4); or

- (c) by obtaining an application form by telephoning the ACD's Customer Enquiry Line on 0333 300 0375.
- 11.2 Shares will be allotted at the relevant price calculated at the Valuation Point on the Dealing Day next following the receipt of a valid application.
- 11.3 The ACD will 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:
- (a) prior agreement between the ACD and the person making the communication as to:
- (1) the electronic media by which such communications may be delivered; and
- (2) how such communications will be identified as conveying the necessary authority; and
- (b) assurance from any person may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Shareholder.
- 11.4 Applications made by telephone, by electronic communications (as set out above), or in writing must include the following information:
- the amount of cash to be invested or the number of Shares applied for;
  - the name of the applicant and the name and address to which the contract note is to be sent; and
  - (in the case of written applications) a cheque for the amount to be invested.
- 11.5 A contract note will be issued no later than the next Business Day after the day on which relevant prices have been established, confirming the amount invested and the number of Shares acquired. Applications will be dealt with in accordance with the valuation and pricing policies referred to above. Payment in full is due at the time the application is made. Share certificates will not be issued.
- 11.6 The minimum purchase of Shares is Shares having a value of not less than £100,000 for new applicants (or such lesser sum as the ACD may determine in any particular case). Thereafter the minimum number of Shares which may be purchased is Shares having a value of not less than £10,000 (or such lesser sum as the ACD may determine in any particular case).
- 11.7 The ACD reserves the right to reject any application in whole or in part. The ACD may do this if the ACD has reasonable grounds, relating to the circumstances of the person concerned, for refusing to issue Shares or if the number of Shares sought to be issued is less than the minimum referred to above. A purchase of Shares in writing and/or by telephone is a legally

binding contract. The ACD may arrange for the Company to issue Shares in exchange for assets other than money, as explained in paragraph 15.2.

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

## 12. **Selling Shares**

12.1 Shares in the Company can be sold by sending clear written instructions to the ACD:

- (a) by post to the Dealing Office address specified in Schedule 6; or
- (b) through the means of electronic communication (in accordance with paragraphs 11.3 and 11.4); or
- (c) by telephoning on 0333 300 0375 (asking for the Dealing Line). The ACD has the right to establish facilities for recording telephone calls made or received on these telephone lines.

12.2 Such redemption requests will be dealt with at the relevant price calculated at the Valuation Point on the Dealing Day following receipt of a valid redemption instruction. The ACD must be sent a written confirmation authorising the sale and/or such completed form of transfer or form of renunciation of Shares as the ACD reasonably requires. Redemption requests will be dealt with in accordance with the valuation and pricing policies referred to above. A cheque will be sent for the value of such realised Shares by close of business on the fourth Business Day after (i) the next Valuation Point, or (ii) receipt of the required documents (whichever is the later).

12.3 The minimum value of Shares which can be sold back to the ACD is £10,000 at any one time, or the value of an entire holding if less than £100,000 (unless the ACD agrees otherwise in any particular case). Shareholders may sell part of a holding, but the remaining holding must not fall below £100,000.

12.4 There are special rules (specifically in relation to Dilution Levies (paragraph 15.1) and SDRT (at paragraph 32.1 headed 'Stamp Duty Reserve Tax') which, at the discretion of the ACD, may apply to a sale of Shares representing 1% or more of the total value of the Company.

## 13. **Switching**

13.1 The Instrument of Incorporation allows for the issue of both Accumulation and Income Shares. Where more than one Share Class or Sub-fund is available for investment, a Shareholder may at any time switch all or some of their Shares of one Share Class ('Old Shares') for Shares of another Share Class, whether in the same or another Sub-fund ('New Shares'). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Old Shares at the Valuation Point applicable at the time the Old Shares are repurchased and the New Shares are issued.

13.2 Switching may be effected either by telephone or in writing to the ACD, whose contact details appear in Schedule 6. The Shareholder may be

required to complete a switching form (which, in the case of joint Shareholders must be signed by all the joint holders). Switching forms may be obtained from the ACD.

- 13.3 The ACD may at its discretion charge a fee on the switching of Shares. These fees are set out in paragraph 14.3.
- 13.4 If the switch would result in the Shareholder having a holding of Old Shares or New Shares worth less than £100,000, the ACD may, if it thinks fit, convert the whole of the Shareholder's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provisions on procedures relating to redemption will apply equally to a switch. A duly completed switching form must be received by the ACD before the Valuation Point on the Dealing Day. Switches will be dealt with at the prices at the Valuation Point on that Dealing Day, or at such other date as may be approved by the ACD. Switching requests received after a Valuation Point will be held over until the next Dealing Day.
- 13.5 The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the Regulations.
- 13.6 **Under current UK tax law, a switch of Shares between Income Shares and Accumulation Shares (and vice versa) in the same Sub-fund should not generally be treated as a disposal for the purposes of capital gains taxation, though a Switch between Shares of different Sub-funds would be treated as such a disposal.**
- 13.7 **An exchange of Shares in one Sub-fund for Shares in any other Sub-fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.**
- 13.8 **A Shareholder who switches Shares in one Share Class for Shares in any other Share Class is not entitled to withdraw from or cancel the transaction.**

#### 14. **Dealing Charges**

##### 14.1 **Preliminary Charge**

The ACD may impose a charge on the sale of Shares to investors. The preliminary charge (which is deducted from subscription monies) is payable by the Shareholder to the ACD.

Full details of the current preliminary charge are set out in Schedule 1. The ACD may waive or discount the preliminary charge at its discretion.

##### 14.2 **Redemption Charge**

- (a) The ACD may make a charge on the redemption of Shares. At present

no redemption charge is levied.

- (b) The ACD may not introduce a redemption charge on Shares except in accordance with the FCA Rules and after it has given 60 days' notice in writing to the then current Shareholders of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement.
- (c) In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

### 14.3 **Switching Fee**

Where more than one Share Class is available for investment, on the switching of Shares between Sub-funds or Share Classes, the Instrument of Incorporation allows the Company to impose a switching fee. The fee will not exceed an amount equal to the then prevailing preliminary charge for the Share Class into which Shares are being switched. The switching fee is payable to the ACD.

## 15. **Other Dealing Information**

### 15.1 **Dilution Levy**

The basis on which the Company's investments are valued for the purpose of calculating the dealing price of Shares as stipulated in the Regulations and as summarised in paragraph 20 below. The actual cost of purchasing, selling or switching underlying investments in a Sub-fund 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) these costs may have an adverse effect on the value of the Sub-fund. This is known as 'Dilution'. To mitigate the effects of dilution, the ACD has discretion to charge a 'dilution levy' on the purchase or redemption of Shares in a Sub-Fund.

A dilution levy is a separate charge of such amount or rate as shall be determined by the ACD.

- (a) If charged, the dilution levy will be calculated by reference to the estimated costs of dealing in the underlying investments of the relevant Sub-fund, including any dealing spreads, commission and transfer taxes. The dilution levy will be paid into the Company and will become part of the property of the Company.
- (b) The need to charge a dilution levy will depend on the volume of sales or 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, and if charging a dilution levy is, so far as practicable, fair to all Shareholders and potential Shareholders. In particular, the dilution levy may be charged in the following circumstances:

- (1) where over a dealing period the Company has experienced a large level of net sales or redemptions relative to its size;
  - (2) on 'large deals'. For these purposes, a large deal means a deal worth 1% or more of the Net Asset Value of the Company;
  - (3) where the Company is in continual decline or increase in terms of the numbers of Shares in issue or its net asset value;
  - (4) where the Company incurs dilution levy on the acquisition or disposal of shares or units in funds in which it invests; or
  - (5) in any other case where the ACD is of the opinion that the interests of Shareholders require the imposition of a dilution levy.
- (c) On the occasions when a dilution levy is not applied there may be an adverse impact on the total assets and the future growth of the Company.
- (d) As dilution is directly related to the inflows and outflows of monies from the Company it is not possible to accurately predict whether dilution is likely to occur at any point in time. Based on historical data, 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.
- (e) Although the ACD reserves the right to charge a dilution levy, based on historical data, it is not expected that a dilution levy will need to be applied in the future. In the unlikely event that it needs to be charged, the ACD estimates, based on historical data, that a dilution levy (if charged) would not exceed 3%.
- (f) The table below shows historic information on dilution levies to the Share price:

Name	Estimated Dilution Levy applicable for purchases as at 30 June 2025	Estimated Dilution Levy applicable for sales as at 30 June 2025	Number of days on which a Dilution Levy has been applied over the period 1 July 2024 to 30 June 2025
<b>Harroway Capital ICVC</b>	0.084%	0.084%	0

## 15.2 In specie redemption and issue

If a Shareholder requests the redemption of Shares, the ACD in its absolute discretion, via the Depositary, may arrange that in lieu of payment of the price for the Shares in cash the Company shall cancel the Shares and transfer property of the Company or, if required by the Shareholder, the net proceeds of sale of the relevant property of the Company to them. The ACD, via the Depositary, will give written notice to the Shareholder before the proceeds of

the cancellation would otherwise become payable in cash, that in lieu of such payment the Company will transfer property of the Company (or the net proceeds of the sale of the relevant property of the Company) to the Shareholder.

- (a) The ACD will select the Scheme Property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting cancellation or redemption than to the continuing Shareholders.
- (b) In certain circumstances the ACD may, at its discretion, and subject to the FCA Rules, accept securities in settlement of a purchase of Shares. However, it will only do so where the Depositary is satisfied that the Company's acquiring 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 not issue Shares in the Company in exchange for assets the holding of which would be inconsistent with the investment objective or policies of the Company or breach any applicable limitation or restriction pursuant to the FCA Rules.
- (c) The ACD will ensure that the beneficial interest in the assets is transferred to the Company with effect from the issue of the Shares.
- (d) The ACD will not issue Shares in any Sub-fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Sub-fund.

### 15.3 **Direct Issue or Cancellation of Shares by an ICVC through the ACD**

This is not applicable. Shares are issued or cancelled by the ACD making a record of the issue or cancellation and of the number of Shares of each class concerned.

### 15.4 **Listing of Shares**

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

### 15.5 **Equalisation**

#### (a) **Income equalisation**

When an incoming Shareholder purchases a Share during an accounting period, part of the purchase price will reflect the relevant Share of accrued income in the Net Asset Value of the Company. The first allocation of income in respect of that Share refunds this amount as a return of capital. This is known as 'income equalisation'. The amount of income equalisation is either the actual amount of income included in the issue price of that Share or is calculated by dividing the aggregate of the amounts of income included in the creation price of Shares of the class in question issued or re-issued in a grouping period by the number of those Shares and applying the resulting average to each of the Shares in question.



(b) **Grouping for equalisation**

Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting period in an annual accounting period to the end of that annual accounting period) as specified in paragraph 37.1. If there are no interim accounting periods, the periods for grouping of Shares will be annual accounting periods. Grouping is permitted by the Instrument of Incorporation for the purposes of equalisation.

- (c) As an alternative to paragraph 15.5(a), the amount of income equalisation in respect of any Share to which paragraph 15 applies may, at the Company's discretion (as set out in Schedule 1), be the actual amount of income included in the issue price of that Share, provided that the ACD are satisfied that such method is fair to Shareholders and that it is reasonable to adopt such method in the given circumstances.

16. **Money Laundering**

As a result of legislation in force in the UK to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances, investors may be asked to provide proof of identity and residential address when buying Shares.

Refer to paragraph entitled 'Electronic Verification' for details of certain resources we may access to verify information on you.

17. **Restrictions and Compulsory Transfer, Redemption and Conversion**

17.1 The ACD may from time to time impose such restrictions as it may think necessary 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. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, sale, transfer or switching of Shares.

17.2 If the ACD reasonably believes that any Shares are owned directly or beneficially in circumstances which:

- (a) constitute a breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) may (or may if other Shares are acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequences (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);

it may give notice to the holder of such Shares requiring them to transfer them to a person who is qualified or entitled to own them, or to request the redemption of the Shares by the Company. If the holder does not either

transfer the Shares to a qualified person or establish to the ACD's satisfaction that they and any person on whose behalf they hold the Shares are qualified and entitled to hold and own them, they will be deemed on the expiry of a thirty-day period to have requested their redemption.

- 17.3 A person who becomes aware that they have acquired or are holding 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 Shares, shall forthwith, unless they have already received a notice provided under paragraph 17.2, either transfer or procure the transfer of such 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 such Shares pursuant to Regulations.
- 17.4 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 same Fund. 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.

## **18. Suspension of Dealings in the Company**

- 18.1 The ACD may, with the agreement of the Depositary, or must if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares if the ACD or the Depositary is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders.
- 18.2 The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as it is justified having regard to the interests of Shareholders.
- 18.3 The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA.
- 18.4 The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions.
- 18.5 Where such suspension takes place, the ACD will publish on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.
- 18.6 During the suspension, none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.
- 18.7 Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the

Depository must formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

- 18.8 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 the restart of dealings in Shares.
- 18.9 In addition, the FCA Rules may require the ACD to temporarily suspend the issue, cancellation, sale and redemption of Shares in certain circumstances (for example, where the Company is invested in other authorised funds which are themselves suspended).

19. **Governing Law**

All deals in Shares are governed by English law.

20. **Valuation of the Company's Assets**

20.1 The price of a Share is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. The Net Asset Value per Share of a Sub-fund is currently calculated at 10.00 a.m. on each Dealing Day.

20.2 The ACD may at any time during a Business Day carry out an additional valuation if the ACD considers it desirable to do so

20.3 **Hard-to-value assets**

Where the ACD has reasonable grounds to believe that the price obtained is unreliable or the most recent price available does not reflect the ACD's best estimate of the value of the relevant investment at the relevant Valuation Point or no price or no recent price exists, the ACD may use a price which, in the opinion of the ACD, reflects a fair and reasonable price for that investment (the 'fair value price'). In calculating any value, the ACD shall be entitled to rely on any valuations provided or attributed to any asset or liability by the Investment Managers.

The circumstances which may give rise to a fair value price being used include:

- (a) no recent trade in the security concerned; or
- (b) the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

In (b), a significant event is one that means the most recent price of a security or a basket of securities is materially different to the price that it is reasonably believed would exist at the Valuation Point had the relevant market been open.

In determining whether to use such a fair value price, the ACD will include in its consideration:

- (a) the type of authorised fund concerned;

- (b) the securities involved;
- (c) the basis and reliability of the alternative price used; and
- (d) the ACD's policy on the valuation of Scheme Property as disclosed in the Prospectus.

**21. Calculation of the Net Asset Value**

- 21.1 The value of the Scheme Property of the Company shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.
- 21.2 All the Scheme Property (including receivables) of the Company is to be included, subject to the following provisions.
- 21.3 Scheme Property which is not cash (or other assets dealt with in paragraph 21.4) 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 in a collective investment scheme:
    - (1) if a single price for buying and selling units is quoted, at the most recent such price; or
    - (2) if separate buying or selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling price has been increased by any exit or redemption charge attributable thereto; or
    - (3) 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, or the most recent price available does not reflect the ACD's best estimate of the value of the units at a value which in the opinion of the ACD is fair and reasonable;
  - (b) any other transferable security:
    - (1) if a single price for buying and selling the security is quoted, at that price; or
    - (2) if separate buying and selling prices are quoted, the average of those two prices; or
    - (3) 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 or the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which in the opinion of the ACD is fair and reasonable;
  - (c) property other than that described in paragraphs 21.3(a) and 21.3(b) at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

- 21.4 Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
- 21.5 Property which is a contingent liability transaction shall be treated as follows:
- (a) if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted;
  - (b) if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - (c) if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and Depositary;
  - (d) if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).
- 21.6 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.
- 21.7 Subject to paragraphs 21.8 and 21.9, 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.
- 21.8 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 21.7.
- 21.9 All agreements are to be included under paragraph 21.7 which are, or ought reasonably to have been, known to the person valuing the property.
- 21.10 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, advance corporation tax, value added tax, stamp duty and SDRT will be deducted.
- 21.11 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 will be deducted.
- 21.12 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 21.13 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 21.14 Any other credits or amounts due to be paid into the Scheme Property will be added.

21.15 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added, including, for the avoidance of doubt, a provision for any anticipated Stamp Duty Reserve Tax.

21.16 Currencies or values in currencies other than base currency or (as the case may be) the designated currency 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.

## 22. **Price per Share in each Sub-fund and Share Class**

The price per Share at which Shares are sold is the sum of the Net Asset Value of a Share and any preliminary charge. The price per Share at which Shares are redeemed is the Net Asset Value per Share less any applicable redemption charge. There must only be a single price for any Share as determined from time to time by reference to a particular Valuation Point. In addition, there may, for both purchases and sales, be a dilution levy, as described in paragraph 15.1 above.

Each allocation of income made in respect of any Sub-fund at a time when more than one Class is in issue in respect of that Sub-fund shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the Sub-fund in question, calculated in accordance with the Instrument of Incorporation.

## 23. **Pricing basis**

The Company deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the sale or redemption is agreed. Shares in the Company are single priced.

Prices of Shares in the Sub-funds are expressed in pounds sterling.

## 24. **Publication of Prices**

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.

## 25. **Risk factors**

25.1 Potential investors should consider the following risk factors before investing in the Company.

### 25.2 **General**

- (a) An investment in the Company will involve exposure to those risks normally associated with investment in stocks and Shares. As such, the price of Shares and the income from them can go down as well as up and an investor may not get back the amount they have invested. There is no assurance that investment objectives of the Sub-fund will actually be achieved.

- (b) Any preliminary charge made by the ACD is deducted from an investment at the outset and an equivalent rise in the value of the Shares is required before the original investment can be recovered.
- (c) A Sub-fund may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect, the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold.
- (d) Defensive investment in cash and money-market instruments, at times when relevant stock market indices are rising, may constrain the growth of capital invested in the Company.
- (e) Investments may be made in securities with floating or fixed rate interest rates, where changes (whether actual, potential or predicted) in the prevailing interest or exchange rates adversely affect the value of the securities and the income received therefrom.
- (f) Although each Sub-fund, so far as possible, will be treated as bearing the liabilities, expenses, costs and charges attributable to it, in the unlikely event that its assets are not sufficient to meet these the ACD may re-allocate assets, liabilities, expenses, costs and charges between the Sub-funds of the Company in a manner which it believes is fair to the Shareholders generally. The ACD would normally expect any such re-allocation to be effected on a pro rata basis having regard to the Net Asset Values of the relevant Sub-funds. If there is any such re-allocation the ACD will advise Shareholders of it in the next succeeding annual or half yearly report to Shareholders.
- (g) In addition, the values, in Sterling terms, of investments that are not denominated in Sterling may rise and fall purely on account of exchange rate fluctuations, which will have a related effect on the price of Shares.
- (h) There may be a risk of a loss where the assets of the Company are held by the custodian or sub-custodian that could result from the insolvency, negligence or fraudulent action of the custodian or sub-custodian.
- (i) Each Sub-fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.
- (j) Subject to COLL, the Sub-funds may invest in unregulated collective investment schemes (including hedge funds or hedge fund of funds). Investment in unregulated collective investment schemes carries additional risks to investments in regulated collective investment schemes as these may not be under the regulation of a competent regulatory authority in their jurisdiction of origin; the protection of the investors may therefore be much more limited or non-existent. Unregulated collective investment schemes may use leverage and may carry increased liquidity risk as units / shares in such schemes may not be readily realisable. Further, the levels of fees in such schemes

(including performance fees) may be relatively high in comparison with regulated collected investment schemes.

- (k) Past performance is not a reliable indicator to future growth or rates of return.
- (l) Exemptions, thresholds and rates of tax may change in future tax years.
- (m) Shares in the Company should generally be regarded as long term investments. Details of specific risks that apply to the Company are set out in Schedule 1.
- (n) 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.

### 25.3 **Charges to Capital** (*allocation of payments*)

Where the investment objective of the Company is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's annual management charge (AMC) may be charged against capital instead of against income.

**This treatment of the ACD's fee will increase the amount of income available for distribution to Shareholders but it should be noted that the policy of treating the ACD's AMC as a capital expense may result in capital erosion or constrain capital growth.**

This will only be done with the approval of the Depositary (see paragraph 25.1(c)).

### 25.4 **Liabilities of the Company**

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after paying the purchase price of Shares.

### 25.5 **Derivatives**

**Where derivatives are used for hedging or in accordance with EPM techniques, this will not alter the risk profile of the Sub-fund.**

**The possible effect on the risk profile of the Sub-fund from the use of these instruments and techniques will generally be to reduce volatility when hedging using EPM, but (potentially) to increase volatility when taking additional market or securities exposure, although in the latter case the intention is that volatility should not be markedly different from a fund directly holding the underlying investments.**

**In the event that derivatives and forward transactions are used for**



**investment purposes for The Harroway Fund, on providing 60 days' advance written notice of such intention, the investment performance of the Sub-fund could become highly volatile and thus increase the risk profile of the Company.**

For more information in relation to investment in derivatives please see paragraph 9 in Schedule 2.

#### 25.6 Custody Risk

The Depositary may delegate the function of safekeeping of Financial Instruments to the Custodian, who may in turn appoint custody agents. The Depositary 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.

### 26. Fees and Expenses

#### 26.1 General

- (a) The ACD may pay out of the property of the Company charges and expenses incurred by the Company, which will include the following expenses:
- (1) the fees and expenses payable to the ACD (out of which fees the ACD will pay the fees and expenses of the Administrator and Investment Managers) and Depositary;
  - (2) broker's commission (excluding costs for research), fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
  - (3) fees and expenses in respect of the administration of the Company and establishing and maintaining the Register and any sub-Register (as defined in the Regulations). Payment will be made to the Administrator, who also acts as Registrar, in relation to the maintenance of the Register. This will include a charge per investor account, currently £10 per account per annum and subject to a minimum charge not exceeding £2,000 per annum. This will be charged monthly in arrears based on the number of Shareholders on the Register at the end of the month;
  - (4) 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;

- (5) any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper;
- (6) any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- (7) 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;
- (8) any fees or costs associated with any CASS related support activity incurred by the Registrar;
- (9) any fees, expenses or disbursements of any legal or other professional adviser of the Company and/or the ACD in relation to the Company;
- (10) any costs incurred in taking out and maintaining any insurance policy in relation to the Company;
- (11) 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;
- (12) liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property in consideration for the issue of Shares as more fully detailed in the Regulations;
- (13) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (14) taxation and duties payable in respect of the property of the Company or the issue or redemption of Shares;
- (15) the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- (16) the fees of the FCA under the FCA Rules, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Shares in the Company are or may be marketed;
- (17) 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;
- (18) any payments otherwise due by virtue of the Regulations; and

(19) any value added or similar tax relating to any charge or expense set out herein.

(b) VAT is payable on these charges where appropriate.

(c) Expenses are allocated between capital and income in accordance with the Regulations. (See paragraph 25.3).

## 27. **Charges payable to the ACD**

27.1 In payment for carrying out its duties and responsibilities the ACD is entitled to take out of each Sub-fund an annual management fee.

27.2 The annual management charge accrues daily and is payable monthly in arrears. The current management charges for the current Share Classes available in the Sub-Fund are set out in Schedule 1. (Please refer to paragraph 25.3 **Charges to Capital** (*allocation of payments*)).

27.3 The ACD is also entitled to all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty and stamp duty reserve tax on transactions in Shares.

27.4 If a Share Class's expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Share Class.

27.5 The ACD may not introduce a new category of remuneration for its services or increase the current rate or amount of its remuneration payable out of the Scheme Property of the Company or the preliminary charge except in accordance with the FCA Rules and after the ACD has made available the new rate and the date of its commencement.

## 28. **Depositary's Fees Charges and Expenses**

### **Periodic fee**

28.1 The Depositary is paid a monthly periodic fee (plus VAT) from the Scheme Property of the Company in remuneration for its services.

28.2 The Depositary's fee is calculated on the value of the Scheme Property of the Company in accordance with the Depositary Agreement and the FCA Rules, and payable out of the Company in accordance with the FCA Rules. For this purpose, the value of the Company is inclusive of the issues and cancellations which take effect as at the relevant Valuation Point.

28.3 The Depositary's fee shall accrue daily, and shall be calculated by reference to the value of the Company at the first Valuation Point on the first Business Day and shall end immediately before the next Valuation Point in each month. The Depositary's fee is payable on, or as soon as practicable after, the end of the month in which it accrued.

28.4 The current fees payable are:

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

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

28.5 In addition to the periodic fee referred to in paragraph 28.1, the Depositary shall also 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 £180.00
Derivative Transaction Charges	£20 (if applicable)
Custody Charges	up to 0.9% of the value of the holding involved subject to a minimum aggregate custody charge of £7,500 per annum

28.6 These charges vary from country to country, dependent 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.

28.7 Where relevant, the Depositary may make a charge for (or otherwise benefit from) providing its services in relation to: distributions, the provision of banking services, holding money on deposit, lending money, or engaging in stock lending or derivatives 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 Rules.

28.8 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, the Depositary Agreement, the FCA Rules or by the general law.

28.9 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. No compensation for loss of office is provided for in the agreement with the Depositary.

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

28.11 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 Rules by the Depositary.

29. **Investment Managers' and Administrator's fees**

Any Investment Managers' fees and expenses and the Administrator's fees and expenses (plus in each case VAT thereon) are paid by the ACD out of its remuneration under the ACD Agreement. Research costs will be paid for by the Investment Managers out of these fees and shall not be borne by the Company.

30. **Shareholder Meetings and voting rights**

30.1 For the purposes of this paragraph 30:

- (a) a "physical meeting" is a general meeting convened at a physical location where Shareholders, or their proxy, must be physically present;
- (b) a "hybrid meeting" is a general meeting which allows Shareholders, or their proxy, to be physically present at the location where the meeting is convened, or to attend and vote remotely; and
- (c) a "virtual meeting" is a general meeting where all Shareholders, or their proxy, attend and vote remotely.

30.2 The provisions below, unless the context otherwise requires, apply to Share Class meetings as they apply to general meetings of the Company.

30.3 The Company does not propose to hold annual general meetings. Resolutions will be voted upon at extraordinary general meetings.

30.4 The ACD and the Depositary may convene a general meeting of the Company at any time in accordance with the FCA Rules. The ACD may hold a virtual meeting or a hybrid meeting as this is not inconsistent with any provisions in the Instrument of Incorporation.

Shareholders may request the convening of a general meeting by a requisition which must:

- a) state the objective of the meeting;
- b) be dated;
- c) be signed by Shareholders who, at that date, are registered as the Shareholders of Shares representing not less than one-tenth in value of all of the Shares then in issue;
- d) be deposited at the head office of the Company or with the Depositary.

Any Shareholder who participates remotely in a hybrid meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights as a Shareholder who is physically present at the meeting.

Any Shareholder who participates in a virtual meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights that the Shareholder would have at a physical meeting.

Any Shareholder who participates remotely may do so without having to appoint a proxy and is not required to submit their vote on a resolution in advance of the meeting.

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.

An extraordinary resolution is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for the resolution at a general meeting, or, as the case may be, a Class meeting of Shareholders.

Except where an extraordinary resolution is specifically required or permitted, any resolution of Shareholders is passed by a simple majority of the votes validly cast.

A meeting of Shareholders has no powers other than those contemplated by the FCA Rules.

Where a meeting of Shareholders is convened by the ACD or the Depositary, Shareholders must receive at least 14 days' written notice (inclusive of the date on which the notice is first served and the day of the meeting) and the notice shall specify:

- (a) whether the meeting is to be a physical meeting, a hybrid meeting or a virtual meeting;
- (b) if the meeting is a physical meeting or a hybrid meeting, the place of the meeting;
- (c) if the meeting is a hybrid meeting or a virtual meeting, the means by which a Shareholder may participate, including any requirements for Shareholders to register before the meeting begins or to provide proof of their right to attend, and an explanation of how participating Shareholders may vote in a show of hands or in a poll, if they do not appoint a proxy;
- (d) the day and hour of the meeting;
- (e) the terms of the resolutions to be proposed; and
- (f) the address of the website where the minutes of the meeting will subsequently be published.

Where the notice is served by the ACD a copy shall be sent to the Depositary.

The accidental omission to give notice to, or the non-receipt of notice by any Shareholder will not invalidate the proceedings at any meeting.

Notice of an adjourned meeting of Shareholders must be given to each Shareholder, stating that while two Shareholders are required to be present, in person, by proxy or remotely, to constitute a quorum at the adjourned meeting, this may be reduced to one in accordance with COLL 4.4.6R(3), should two such Shareholders not be present after a reasonable time of convening of the meeting.

Where the meeting is a hybrid meeting or a virtual meeting, the ACD shall take reasonable care to ensure that the necessary supporting technology to enable Shareholders to attend and vote is in place at the start of the meeting and operates adequately throughout its proceedings, so that Shareholders who attend or vote remotely are not unfairly disadvantaged.

- 30.5 The quorum at a meeting of Shareholders shall be two Shareholders present in person, by proxy or (where applicable) remotely using the means specified in the notice. If, after a reasonable time after the start of the meeting, a quorum is not present, the meeting:
- (a) if convened on the requisition of Shareholders, must be dissolved; and
  - (b) in any other case, must stand adjourned to:
    - (1) a day and time which is seven or more days after the day and time of the meeting; and
    - (2) in the case of a physical meeting or a hybrid meeting, a place to be appointed by the chair.
  - (c) If, at an adjourned meeting under paragraph **Error! Reference source not found.**(b), a quorum is not present after a reasonable time from the time for the meeting, one person entitled to be counted in a quorum present at the meeting shall constitute a quorum.
  - (d) The chair of a meeting which permits Shareholders to attend and vote remotely shall take reasonable care to give such Shareholders:
    - (1) an adequate opportunity to be counted as present in the quorum; and
    - (2) sufficient opportunities to participate fully in the proceedings of the meeting, in particular when a vote is taken on a show of hands or by poll.
  - (e) In the case of an equality of votes cast, the chair is entitled to a casting vote.

### 30.6

- (a) At any meeting of Shareholders, on a show of hands every Shareholder who is present in person or who attends the meeting remotely using the means specified in the notice, shall have one vote.
- (b) On a poll, votes may be given either personally or by proxy or in another manner permitted by the Instrument. The voting rights for

each Share must be the proportion of the voting rights attached to all of the Shares in issue that the price of the Shares bears to the aggregate price or prices of all of the Shares in issue at a cut-off date selected by the ACD which is a reasonable time before notice of the meeting is sent out.

- (c) A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way. For joint Shareholders, the vote of the first Shareholder, or the proxy of the first Shareholder, stated in the Register will be accepted to the exclusion of the votes of other joint Shareholders.
- (d) In the context of despatch of notice '**Shareholders**' means the persons who were entered in the Register seven days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.
- (e) To be included in the quorum and entitled to vote at the meeting, '**Shareholders**' mean the persons entered on the Register at a time determined by the ACD and stated in the notice of the meeting, which must not be more than 48 hours before the time fixed for the meeting.
- (f) The ACD is not entitled to vote at or be counted in a quorum at a meeting of Shareholders in respect of Shares held or deemed to be held by the ACD, except where the ACD holds Shares on behalf of or jointly with a person who, if themselves the sole registered Shareholder, would be entitled to vote and from whom the ACD has received voting instructions. Associates of the ACD are entitled to be counted in a quorum and, if they hold Shares on behalf of a person who would have been entitled to vote if they had been a registered Shareholder and they have received voting instructions from that person, may vote in respect of such Shares pursuant to such instructions.
- (g) Where all the Shares in a Sub-fund are registered to, or held by, the ACD or its associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution, 75% or more, of the Shares in issue.
- (h) The ACD will publish the minutes on a website accessible to the general public without charge, no later than 5 Business Days after the meeting has taken place (but in the case of an original meeting which is adjourned, the minutes will be published no later than 5 Business Days after the adjourned meeting has taken place).

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



- (a) delivered to the Shareholder's address as appearing in the Register: or
  - (b) sent using an electronic medium in accordance with paragraph 11.3 above.
- 30.8 Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it was posted.
- 30.9 Any document left at a registered address or delivered other than by post is deemed to have been served on that day.
- 30.10 Any notice or document served by post on one joint Shareholder is deemed to also have been served on each other joint Shareholder whose address, as appearing on the Register, is the same address to which the notice or document was sent.
- 30.11 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 of 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.
- 30.12 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:
- (1) affects a Shareholder's ability to exercise their rights in relation to their investment;
  - (2) would reasonably be expected to cause the Shareholder to reconsider their participation in the Company;
  - (3) results in any increased payments out of the Scheme Property of the Company to the ACD or an associate of the ACD; or
  - (4) materially increases 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.

- (b) The ACD must inform Shareholders in an appropriate manner and timescale of any notifiable change that is reasonably likely to affect, or has 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 report of the Company.

- (c) Changes to the investment objective and policy will normally require approval by Shareholders at an extraordinary general meeting if the change alters the nature or risk profile of the Company, or on giving 60 days' notice to Shareholders where the changes do not alter the nature or risk profile of the Company. In exceptional circumstances, changes may be made to the investment objective and policy of the Company with no minimum period of notice where these are for clarification purposes only. In all cases, changes may only be made to the investment objective and policy following notification to the FCA pursuant to the OEIC Regulations and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Company.

### 31. **Umbrella fund information**

- 31.1 A Shareholder is entitled to exchange Shares in one Sub-fund for Shares in any other Sub-fund (other than a Sub-fund which has limited the issue of Shares).
- 31.2 **An exchange of Shares in one Sub-fund for Shares in any other Sub-fund is treated as a redemption and sale and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.**
- 31.3 **In no circumstances will a Shareholder who exchanges Shares in one Sub-fund for Shares in any other Sub-fund be given a right by law to withdraw from or cancel the transaction.**
- 31.4 Any assets, liabilities, expenses, costs or charges not attributable to one Sub-fund only may be allocated by the ACD in a manner, which is fair to the Shareholders of the Company generally.
- 31.5 The ACD do not propose to levy an exchange charge on any exchange of Shares in one Sub-fund for Shares in another Sub-fund.

### 32. **Taxation**

**The following summary is based on current UK law and HM Revenue & Customs practice. It summarises the UK tax position of Open-Ended Investment Companies ("OEICs") 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.**

#### 32.1 **Taxation of the Company and the Sub-funds**

The Company is an umbrella OEIC and each Sub-fund is treated as a separate Authorised Investment Fund for tax purposes. Income of each Sub-fund is

deemed to be distributed for tax purposes, even when it is accumulated. References to distributions include deemed distributions of accumulated income.

Each Sub-fund will make dividend distributions except where over 60% of the Sub-fund'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 Sub-fund that makes interest distributions is referred to as a "Bond Fund" and a Sub-fund that makes dividend distributions is referred to as an "Equity Fund".

**(a) Income**

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

Where the Sub-fund 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 each Sub-fund 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 a Sub-fund 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.

**(b) Capital gains**

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

**(c) Stamp Duty Reserve Tax**

Stamp duty reserve tax ("SDRT") is generally charged on any agreements to transfer Shares of OEICs (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 OEICs. However, investors may be subject to an SDRT charge where Shares in the Sub-fund are surrendered and the investors receive assets from the Sub-fund (rather than cash) which are not in proportion to each investor's share of the total assets held by the Sub-fund.

## 32.2 Taxation of Shareholders

### (a) Income

For tax purposes, an OEIC is treated as distributing the whole of the income available for distribution in each of its distribution periods, whether actually distributed or accumulated by the Sub-fund. 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 relevant Sub-fund.

Where more than 60% of a Sub-fund is invested in "qualifying investments" (broadly speaking interest paying investments, see further below) distributions made will be interest distributions in relation to such a Sub-fund. Where this is not the case, distributions made by a Sub-fund will be dividend distributions.

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

### (1) Interest distributions

#### 1. UK resident individuals

Interest distributions paid by a Sub-fund (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).

#### 2. UK corporate Shareholders

If, at any point in an accounting period of a UK corporate Shareholder, a Sub-fund fails to satisfy the

'qualifying investment' test, Shares held by the UK corporate Shareholder in respect of such Sub-fund 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).

A Sub-fund 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.

## **(2) Dividend distributions**

Dividend distributions paid by a Sub-fund are treated as if they are dividends.

### **1. 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.

### **2. 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.

**(b) Chargeable gains**

**(1) 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. A switch of Sub-funds is treated as a disposal for capital gains tax purposes. 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.

**(2) 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.**

**32.3 Income equalisation – tax implications**

The price of a Share of a particular Share Class is based on the value of that Share Class's entitlement in the relevant Sub-fund, including the income of the relevant Sub-fund 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.

**32.4 UK information reporting regime**

Open-ended investment companies 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.

**32.5 Tax Elected Fund ("TEF") regime**

The ACD may, in the future, seek to elect some or all of the Sub-funds into the TEF regime if it considers that it would be advantageous for the majority of investors in the Company to do so. If a Sub-fund is elected into the TEF regime, the UK tax treatment of the relevant Sub-fund and its investors

would be different to that set out above.

### 32.6 **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 Shareholder's 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.

### 33. **Risk Profile Management**

33.1 The ACD, in consultation with the Investment Managers, has adopted a risk management process in respect of the Company enabling it to monitor and measure the risk of the Company's portfolio and contribution of the underlying investments to the overall risk profile of the Company.

33.2 The ACD operates a liquidity risk management policy with a view to ensuring that Shareholders are able to realise their Shares in accordance with this Prospectus and the requirements of the FCA Rules. This Prospectus provides information in relation to liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors.

33.3 Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. Examples include insufficient cash to meet redemption requests or make margin payments requirements and the risk that a particular derivative position cannot be easily unwound or offset due to insufficient market depth or market disruption or that the Company's financial obligations arising from the derivative activity (such as margin calls) will not be able to be met. It is controlled for through monitoring of the liquidity of all instruments used, including derivatives, in the context of the investment objectives and liquidity requirements of each scheme or client account. Cash positions are monitored and reported to ensure that the Company has sufficient capacity to meet obligations arising from any derivative positions.

33.4 Stress tests on the portfolio are undertaken on a periodic basis, the frequency is dependent on a number of factors, e.g. portfolio composition and liquidity.

34. **Leverage (as defined by the UK AIFM regime)**

34.1 The Company may invest in instruments which are subject to leverage from time to time. Under the UK AIFM regime, the ACD must:

- a) set a maximum level of leveraging which it may employ on behalf of the Company; and
- b) where the leverage arrangement allows the right to reuse collateral or the granting of a guarantee, set out the extent of that right or guarantee.

34.2 For each Sub-fund of the Company, the ACD has set the following limits:

<b>Derivative Type</b>	<b>Limits</b>
<b>Allowable on a 'substantial' basis</b>	No
<b>Unsecured cash borrowings</b>	Not permitted
<b>Secured cash borrowings</b>	Up to 10% for liquidity purposes only. ONLY for short-term use.
<b>Convertible borrowings</b>	Not permitted
<b>Interest rate swaps</b>	Not permitted
<b>Contracts for differences</b>	Not permitted
<b>Futures contracts</b>	Not permitted
<b>Total return swaps</b>	Not permitted
<b>Forward agreements</b>	Only as required; No greater than 40% of the Net Asset Value of the portfolio.
<b>Options</b>	Only as required; No greater than 30% of the Net Asset Value of the portfolio.
<b>Repurchase arrangements</b>	Not permitted



Derivative Type	Limits
<b>Reverse repurchase arrangements</b>	Not permitted
<b>Securities lending arrangements</b>	Not permitted
<b>Securities borrowing arrangements</b>	Not permitted
<b>Credit default swaps</b>	Not permitted
<b>MAXIMUM LEVEL OF LEVERAGE USING THE COMMITMENT METHOD*</b>	200%
<b>MAXIMUM LEVEL OF LEVERAGE USING THE GROSS METHOD*</b>	300%

\*NOTES

Under the **gross method**, the exposure of the Company is calculated as follows:

1. the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the Company that are readily convertible to an amount of cash, subject to an insignificant risk of change in value and which provide a return no greater than the rate of a three month high quality government bond is excluded;
2. derivative instruments are converted (using certain specified conversion methodologies) into the equivalent position in their underlying assets;
3. cash borrowings that remain in cash or cash equivalents and where the amounts payable are known are excluded;
4. exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed are included; and
5. positions within repurchase or reverse repurchase transactions and securities lending or borrowing or other similar arrangements are included.

The maximum level of leverage for the Company expressed as a ratio of the Company's total exposure to its Net Asset Value current ratio under the gross method is: **3:1**.

Under the **commitment method**, the exposure of the Company is calculated as follows:

1. derivative instruments are converted (using certain specified conversion methodologies) into the equivalent position in their underlying assets;

2. netting and hedging arrangements are applied, subject to specified conditions;
3. the exposure created through the reinvestment of borrowings where such reinvestment increases the exposure of the Company is calculated;
4. derivative instruments used for currency hedging purposes are excluded.

The maximum level of leverage for the Company expressed as a ratio of the Company's total exposure to its Net Asset Value current ratio under the commitment method is: **2:1**.

### 34.3 Use of Leverage

**Each Sub-fund may use options, forwards and other derivative instruments for both the purpose of meeting the investment objectives of the Sub-fund and hedging against either price or currency fluctuations. The ACD's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Use of these strategies involves certain special risks, including (i) imperfect correlation between movements in the securities or currency on which a futures or options contract is based and movements in the securities or currencies in the Sub-fund; (ii) the absence of a liquid market for any particular instrument at any particular time; and (iii) possible impediments to the ability to meet redemption requests or other short-term obligations because of the percentage of the Sub-fund's assets segregated to cover its obligations. Hedging strategies necessarily add costs to the Sub-fund.**

### 35. Fair Treatment of Investors

- 35.1 The ACD ensures fair treatment of investors by its compliance with the applicable rules in COLL and FUND and with the rules contained in the FCA Handbook.
- 35.2 The ACD is required, under the FCA Handbook, to treat its customers fairly, when they become, remain or as they cease to be Shareholders. The ACD complies with the rules in the FCA Handbook, and has adopted a series of policies and procedures (including a Conflict of Interest policy) which are designed to achieve this outcome.
- 35.3 The ACD and the Investment Managers may in certain circumstances grant preferential treatment to investors. This may include, for example, access to certain Share classes, a waiver or reduction of certain charges, the payment of rebates, or access to individuals within the ACD or the Investment Managers. If such rights are granted, this would typically be to investors who invest significant amounts in the Company. Such investors would not typically be legally or economically linked to the ACD.
- 35.4 Any Shareholder may be granted preferential treatment in relation to the terms of its investment in the Company by the ACD, the Investment Managers and/or any other service provider to the Company.
- 35.5 The ACD and/or an Investment Manager may enter into side letters and/or other arrangements ('Side Arrangements') with Shareholders, including those deemed to involve a significant or strategic relationship, that will result in the

terms of an investment in the Company being different to the terms applicable to other Shareholders and/or provide the following preferential treatment:

(a) **Disclosure / Reporting:**

1. notification of (A) certain 'key man' events and/or (B) certain changes to the organisation of the Company and/or (C) the issue of Shares on more favourable terms to those described herein (as amended by the relevant side letter and/or other arrangement) and/or (D) certain other changes and/or other events, in each case that affects, or relates to, the Company and/or its service providers (including, but not limited to, the Investment Managers) or the relevant Shareholder's investment in the Company;
2. notification if holdings in the Company by the relevant Shareholder exceed specific levels; and/or
3. the provision of certain limited information relating to an Investment Manager and/or to the Company's assets, including in order to allow the relevant Shareholder to comply with the laws and regulations to which it is subject.

(b) **Investor Liquidity terms:**

1. ensure that redemptions of Shares are effected in full within a prescribed period of time in the event that redemptions are deferred (i.e. "gated") for any reason; and/or
2. permit transferability of Shares where there is no change of beneficial ownership.

(c) **Fees:**

1. rebate some or all of the periodic charge payable in respect of the relevant Shareholder's Shares.

(d) **Side Arrangements:**

1. The ACD's Risk Management Policy deals with Side Arrangements.
2. The main conflict of interest with Side Arrangements is the potential for one or more investors to be advantaged over other investors by terms within their Side Arrangements. For example, the preferential early exit of one investor may reduce the portfolio liquidity, which might make withdrawals unavailable to other investors. Subsequently, it may be the case that other investors are actually disadvantaged. The ACD will give consideration as to whether the nature and scope of the provisions are consistent with treating all investors fairly.
3. Any Side Arrangement which contains 'material terms' will be fully considered before it is put in place. Examples of material terms would include preferential redemption rights, 'key man' provisions, redemption 'gate' waivers and portfolio transparency rights.

## 36. **Recognition and Enforcement of Judgments**

The UK AIFM regime requires the ACD to give details of legal instruments providing for the recognition and enforcement of judgments in England and Wales (which is the territory in which the Company is established). The laws of England and Wales provide a number of legal mechanisms for the recognition and enforcement of judgments.

## 37. **General Information**

### 37.1 **Accounting Periods**

The annual accounting period of the Company ends each year on 31 December (the accounting reference date). The interim accounting period ends each year on 30 June.

### 37.2 **Income Distributions and Distribution Dates**

- (a) Allocations of income are made in respect of the income available for allocation in each accounting period.
- (b) Distributions of income in respect of Income Shares of each Sub-fund in which Income Shares are issued are paid on or before the annual and interim income allocation dates of 30 April and 31 August respectively each year. Income may be paid by cheque sent to the first named Shareholders' registered address or by payment directly into certain bank and building society accounts or be reinvested.
- (c) Holders of Accumulation Shares of each Sub-fund 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 relevant Sub-fund at the end of the relevant distribution period and is reflected in the price of an Accumulation Share.
- (d) A re-investment facility is available.
- (e) If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or, if that no longer exists, to the Company).
- (f) The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the relevant Sub-fund paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the Auditors.

### **37.3 Annual Reports**

Annual reports of the Company will be published within four months of each annual accounting period. Half-yearly reports will be published within two months of each interim accounting period.

### **37.4 Documents of the Company**

- (a) The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every Business Day at the offices of the ACD (whose address is set out in Schedule 6):
  - (1) the most recent annual and half-yearly reports of the Company;
  - (2) this Prospectus;
  - (3) the Instrument of Incorporation (and any amending instrument of incorporation); and
  - (4) the ACD Agreement between the Company and the ACD.
- (b) Shareholders may also request information supplementary to this Prospectus relating to the quantitative limits and methods applying in the risk management of the Company and any recent development of the risk and yields of the main categories of investment of the Company from the address given in 37.4(a) above.
- (c) Potential Shareholders may obtain copies of the long reports from the above address.
- (d) Notices of meetings and adjourned meetings will be sent to Shareholders at their registered address.
- (e) The ACD may make a charge at its discretion for copies of documents, except for those documents listed in paragraph (a) above and this Prospectus which will be supplied to any person free of charge on request.

### **37.5 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 you ask the ACD to send you a recording of a particular call, the ACD may ask for further information to help identify the exact call to which your request relates.

### **37.6 Complaints**

Complaints concerning the operation or marketing of the Company may be referred to the ACD at Exchange Building, St John's Street, Chichester, West

Sussex, PO19 1UP.

A copy of ACD's complaints handling procedure is available on request. If an investor is not satisfied with the outcome of the ACD's investigation into their complaint, the matter may then be referred to The Financial Services Ombudsman. The address for The Financial Services Ombudsman is Exchange Tower, London E14 9SR.

### 37.7 **Property**

The Company will not invest in immovable or tangible movable property, otherwise than through collective investment schemes which themselves invest in immovables, pursuant to COLL.

### 37.8 **Past Performance**

The historical performance of the Company is illustrated in Schedule 5. Past performance should not be seen as a guide to future performance.

### 37.9 **Future disclosures**

The following information will be made available to Shareholders as part of the Company's annual report:

- (a) the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- (b) any new arrangements for managing the liquidity of the Company;
- (c) the current risk profile of the Company and the risk management systems employed by the ACD to manage those risks; and
- (d) the total amount of leverage employed by the Company, as applicable.

37.10 Shareholders will also be provided with information regarding changes to:

- (a) the maximum level of leverage that the ACD may employ on behalf of the Company;
- (b) any right of re-use of collateral under the Company's leveraging arrangements; and
- (c) any guarantee granted under the Company's leveraging arrangements.

This information will be made available to Shareholders, without undue delay following the occurrence of that change, usually by way of update to this Prospectus. Where required, such change will be preceded by notification to Shareholders.

### 37.11 **Non-accountability for profits**

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:

- (a) dealings in the Shares of the Company;
- (b) any transaction in the Scheme Property; or
- (c) the supply of services to the Company.

## Schedule 1

### Details of the Sub-fund

**Name:** **The Harroway Fund**

**Type of Fund:** Non-UCITS retail scheme

**Investment Objective:** The investment objective of the Sub-fund is to deliver a total return (through a combination of income and growth of capital) net of fees, over a 5 year rolling period.

There is no guarantee that the above return will be achieved over that, or any, time period. Investors should note that, notwithstanding the objective, capital is in fact at risk.

**Investment Policy** The Sub-fund is able to invest in different asset types to enable the investment objective to be met at different points of the economic cycle. Investment may be made in any geographic or economic sectors of the world or any permitted asset class, however, the Sub-fund will generally follow a cautious investment approach.

The assets in which the Sub-fund will invest will be equities, money market instruments, deposits, cash and near cash investments and derivatives. If the Investment Managers see potential for gain the Sub-fund may also invest in fixed income investments (e.g. corporate and government bonds), eligible alternatives (e.g. property and commodities) and other transferable securities. Exposure to the above asset classes may generally be gained through direct investment or indirectly through collective investment schemes (including those managed or operated by the ACD or an Investment Manager), exchange traded funds and investment trusts. All exposure to eligible alternatives will be indirect.

As part of this, the Sub-fund may invest in investment vehicles qualifying as transferable securities in order to gain indirect exposure to a diversified portfolio of assets including, but not limited to, indirect exposure to commercial property, hedge funds and commodities.

The ACD's cautious investment approach may include allocating portions of the Scheme Property to specialist Investment Managers as market conditions dictate. This means that the Sub-fund may be invested with a heavy bias towards a single asset class or type, reflecting the ACD's perspective of the economic and market environment and their view of the optimal pay-off between risk and return. This strategy may involve the Sub-fund holding substantial amounts in cash deposits and liquidity funds for extended periods and, at times, the Sub-fund may be heavily, or entirely, invested in cash deposits and liquidity funds.



**Derivatives may be used for efficient portfolio management (including hedging). Derivatives and forward transactions may also be used for investment purposes, on providing Shareholders with 60 days' advance written notice.**

**The use of derivatives for efficient portfolio management is not expected to increase the risk profile of the Sub-Fund. In the event that derivatives and forward transactions are used for investment purposes, the investment performance of the Sub-fund could become highly volatile and thus increase the risk profile of the Sub-Fund.**

The Fund will be actively managed. This means that the Investment Managers actively make decisions about how to invest the Scheme Property of the Fund (and which investments to buy and sell) instead of simply following a market index.

**Performance Comparator**

The Sub-fund uses the Investment Association Flexible Investment peer group for performance comparison purposes only and the benchmark is not a target benchmark and the Sub-fund is not constrained by it.

The peer group has been selected as a comparator for performance because way in which the Sub-fund is managed as defined in the Sub-fund's investment policy is most closely aligned to the description of this Investment Association sector,, and it is therefore an appropriate comparator for the Sub-fund's performance.

The ACD reserves the right to change the benchmark 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.

**Final accounting date:**

31 December

**Interim accounting dates:**

30 June

**Income distribution dates:**

30 April and 31 August

**Share Classes and types of Shares:**

**Currently available:** Income Shares, Accumulation Shares

**Preliminary charge:**

5%

<b>Annual management charge:</b>	Up to 1.0% (however currently 0.75%)
<b>Redemption charge:</b>	nil (see paragraph 14.2)
<b>Investment research charge:</b>	none
<b>Investment minimum and holding*:</b>	Shares to the aggregate value of £100,000
<b>Top-up:</b>	Shares to the aggregate value of £10,000
<b>Historical Performance:</b>	See Schedule 5
<b>Launched:</b>	11 November 2011

\* The ACD may waive the minimum levels at its discretion

Investment of the Sub-fund's assets must comply with the Regulations and its own investment objective and policy set out above together with certain other information. A detailed statement of the investment and borrowing restrictions applicable to the Sub-fund is contained in Schedule 2.

A list of the eligible securities and derivatives markets on which the Sub-fund may invest is contained in Schedule 3.

Income equalisation may apply to the Sub-fund from time to time at the discretion of the ACD. Please refer to paragraph 15.5 for details.

## Schedule 2

### Investment Powers and Restrictions

#### 1. General

The Scheme Property of a Sub-fund will be invested with the aim of achieving the investment objective of that Sub-fund but subject to the limits set out in the Sub-fund's investment policy, this Prospectus and the limits set out in Chapter 5 of COLL ('COLL 5') that are applicable to Non-UCITS retail schemes. These limits apply to each Sub-fund as summarised below.

Normally, a Sub-fund will be fully invested save for an amount to enable redemption of Shares, efficient management of a Sub-fund in relation to its strategic objective and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Sub-funds.

This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of a Sub-fund, 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. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

It is not intended that the Sub-funds will have any interest in any immovable property or tangible movable property.

##### 1.1 Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of each Sub-fund, the Scheme Property aims to provide a prudent spread of risk.

##### 1.2 Cover

- (a) Where COLL allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of a Sub-fund under any other of those rules has also to be provided for.
- (b) Where a rule in COLL permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:
  - (1) it must be assumed that in applying any of those rules,
  - (2) a Sub-fund must also simultaneously satisfy any other obligation relating to cover; and

(3) no element of cover must be used more than once.

## 2. **Non-UCITS retail schemes – general**

- 2.1 Subject to the investment objective and policy of a Sub-fund, the investments of the Company in respect of which Shares are currently available will normally consist only of:
- (a) transferable securities (including shares, warrants and debentures);
  - (b) money-market instruments;
  - (c) units or shares in permitted collective investment schemes;
  - (d) permitted derivatives and forward transactions; and
  - (e) permitted deposits.
- 2.2 There are no geographical, economic sector or asset class restrictions on investment.

## 3. **Transferable securities**

- 3.1 Transferable securities and money-market instruments held within a Sub-fund must (subject to paragraph 3.1(d)) be:
- (a) admitted to or dealt in on an eligible market as described below;
  - (b) approved money-market instruments not admitted to or dealt in on an eligible market below which satisfy the requirement of paragraph 7 in this Schedule;
  - (c) recently issued transferable securities provided that:
    - (1) the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and
    - (2) such admission is secured within a year of issue.
  - (d) subject to a limit of 20% in value of the Scheme Property be:
    - (1) transferable securities which are not within (a) to (c); or
    - (2) money-market instruments which are liquid and have a value which can be determined accurately at any time.
- 3.2 The requirements on spread of investments generally and in relation to investment in government and public securities do not apply during any period in which it is not reasonably practical to comply, provided that the requirement to maintain prudent spread of risk in paragraph 1.1 of this Schedule is complied with.
- 3.3 Up to 5% of the Scheme Property of the Sub-funds may be invested in warrants.

#### 4. **Eligible markets regime: purpose**

- 4.1 To protect investors the markets on which investments of a Sub-fund are dealt in or traded on should be of an adequate quality ('eligible') at the time of acquisition of the investment and until it is sold.
- 4.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 4.3 A market is eligible for the purposes of the rules if it is:
- (a) a regulated market as defined in the FCA Handbook; or
  - (b) a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public.
- 4.4 A market not falling within paragraph 4.3 of this Schedule is eligible for the purposes of COLL 5 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 this Prospectus; and
  - (c) the Depositary has taken reasonable care to determine that:
    - (1) adequate custody arrangements can be provided for the investment dealt in on that market; and
    - (2) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 4.5 In paragraph 4.4(a), a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
- 4.6 The eligible securities markets for the Company are set out in Schedule 3 to this Prospectus.

#### 5. **Spread: general**

- 5.1 This paragraph 5 does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 6 applies.
- 5.2 Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of deposits with a single body.
- 5.3 Not more than 10% in value of the Scheme Property of a Sub-fund is to consist of transferable securities or money-market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).

- 5.4 The limit of 10% in paragraph 5.3 above is raised to 25% in value of the Scheme Property of a Sub-fund in respect of covered bonds (none of the Sub-funds currently invest in covered bonds).
- 5.5 In applying paragraph 5.3, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 5.6 Not more than 35% in value of the Scheme Property of a Sub-fund is to consist of the units or shares of any one collective investment scheme.
- 5.7 For the purposes of this paragraph 5, a single body is: (a) in relation to transferable securities and money-market instruments, the person by whom they are issued; and (b) in relation to deposits, the person with whom they are placed.
- 5.8 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property of a Sub-fund.
- 5.9 For the purpose of calculating the limit in paragraph 5.8, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
- (a) it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - (b) it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - (c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - (d) can be fully enforced by a Sub-fund at any time.
- 5.10 For the purposes of calculating the limits in paragraph 5.8, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
- (a) comply with the conditions set out in Part Three, Title II, Chapter 6, Section 7 (Contractual netting (Contracts for novation and other netting agreements)) of the UK CRR; and
  - (b) are based on legally binding agreements.
- 5.11 In applying this paragraph 5, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
- (a) it is backed by an appropriate performance guarantee; and
  - (b) it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

## 6. **Spread: government and public securities**

- 6.1 The following applies to in respect of transferable securities or approved money-market instruments ('such securities') that are issued or guaranteed by:
- (a) the UK or an EEA State; or
  - (b) a local authority of the UK or an EEA State; or
  - (c) a non-EEA State; or
  - (d) a public international body to which the UK or one or more EEA States belong.
- 6.2 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.
- 6.3 **The Company or any Sub-fund 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 objective of a Sub-fund;**
  - (b) **no more than 30% in value of the Scheme Property of a Sub-fund consists of such securities of any one issue;**
  - (c) **the Scheme Property of a Sub-fund includes such securities issued by that or another issuer, of at least six different issues;**
  - (d) **the disclosures in the Prospectus required by COLL have been made**
- 6.4 **In relation to such securities:**
- (a) **issue, issuer and guarantor 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.**
- 6.5 **More than 35% of the Scheme Property may be invested in such securities issued by:**
- (a) **the Government of the United Kingdom;**
  - (b) **the Executive Committee of the Northern Ireland Assembly;**
  - (c) **the Scottish Administration;**

- (d) **the National Assembly of Wales;**
- (e) **the Governments of:**
  - (1) **Austria;**
  - (2) **Belgium;**
  - (3) **Denmark;**
  - (4) **Finland;**
  - (5) **France;**
  - (6) **Germany;**
  - (7) **Greece;**
  - (8) **Ireland;**
  - (9) **Italy;**
  - (10) **Luxembourg;**
  - (11) **Netherlands;**
  - (12) **Portugal;**
  - (13) **Spain;**
  - (14) **Sweden;**
  - (15) **Cyprus;**
  - (16) **Czech Republic;**
  - (17) **Estonia;**
  - (18) **Hungary;**
  - (19) **Latvia;**
  - (20) **Lithuania;**
  - (21) **Malta;**
  - (22) **Poland;**
  - (23) **Slovakia;**
  - (24) **Slovenia;**
- (f) **the Governments of Australia; Canada; Japan; New Zealand; Switzerland and the United States of America;**
- (g) **The European Investment Bank;**
- (h) **the World Bank;**
- (i) **the European Bank of Reconstruction & Development (EBRD);**
- (j) **the Inter American Development Bank (IADB);**
- (k) **the Asian Development Bank;**
- (l) **the International Finance Corporation;**
- (m) **the Japan Development Bank;**
- (n) **the Nordic Investment Bank;**
- (o) **the Council of Europe Development Bank: and**
- (p) **the European Federal Home Loans.**



## **7. Investment in money-market instruments**

- 7.1 A Sub-fund may invest up to 100% in money-market instruments which are within the provisions of paragraph 3.1 above or 7.2 below and subject to the limit of 20% referred to in 3.1(d) above, which are normally dealt in or on the money market, are liquid and whose value can be accurately determined at any time.
- 7.2 In addition to instruments admitted to or dealt in on an eligible market, a Sub-fund 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.
- 7.3 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. Investment in Collective Investment Schemes**

- 8.1 Up to 100% of the value of the Scheme Property of a Sub-fund may be invested in units or shares in other collective investment schemes ('Second Scheme') provided that the Second Scheme satisfies all of the requirements of paragraphs (a) to (e).
- (a) The Second Scheme must:
- (1) 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
  - (2) be a Non-UCITS retail scheme; or
  - (3) be a recognised scheme; or
  - (4) be constituted outside the United Kingdom and have investment and borrowing powers which are the same or more restrictive than those of a Non-UCITS retail scheme; or
  - (5) be a scheme not falling within paragraphs (1) to (4) and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.

- (b) The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.
  - (c) The Second Scheme is prohibited from having more than 15% in value of the property of that scheme consisting of units or shares in collective investment schemes (unless COLL 5.6.10AR applies).
  - (d) The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net value of the property to which the units or shares relate and determined in accordance with the scheme.
  - (e) Where the Second Scheme is an umbrella, the provisions in paragraphs (b) to (d) above and COLL 5.6.7R (Spread: general) apply to each sub-fund as if it were a separate scheme.
- 8.2 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD if the Prospectus of the Company clearly states that the Sub-funds may enter into such investments and the rules on double charging contained in COLL are complied with. Sub-funds in the Company are not permitted to invest in other Sub-funds of the Company.
- 8.3 The Sub-funds may, subject to the limit set out in paragraph 8.1 above, invest in (and the Scheme Property of the Sub-funds may include) units in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Sub-funds or one of its associates.
- 8.4 Where a substantial proportion of the Sub-fund's assets are invested in other collective investment schemes the maximum level of management fees that may be charged to the Sub-fund, and to the other collective investment schemes in which it invests, should not exceed 2.5% per annum plus VAT (if applicable).

## 9. **Derivatives: general**

**Derivatives are only proposed to be used for hedging or in accordance with EPM techniques.**

**The possible effect on the risk profile of the Company from the use of these instruments and techniques will generally be to reduce volatility when hedging using EPM.**

**Investors may obtain on request information relating to the quantitative limits applying in the risk management of the Company, the risk management methods which are used in relation to the Company and any recent developments in the risk and yields of the main categories of investments held by the Company.**

**In the event that derivatives and forward transactions are used for investment purposes, on providing 60 days' advance written notice of such intention, the investment performance of the Sub-fund could become highly volatile and thus increase the risk profile of the Company.**

- 9.1 A transaction in derivatives or a forward transaction must not be effected for

a Sub-fund unless the transaction is of a kind specified in paragraph 11 below (Permitted transactions (derivatives and forwards)); and the transaction is covered, as required by paragraph 18 (Cover for transactions in derivatives and forward transactions).

- 9.2 Where a Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits in COLL 5.6.7R (Spread: general) and COLL 5.6.8R (Spread: government and public securities) except as provided in paragraph 9.6 below.
- 9.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this Schedule.
- 9.4 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.
- 9.5 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.
- 9.6 Where a Sub-fund invests in an index-based derivative, provided the relevant index falls within COLL 5.6.23R the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

## 10. **Efficient Portfolio Management**

- 10.1 The Company may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ('EPM'). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to 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. The exposure must be fully 'covered' by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

- 10.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:
- (a) Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
  - (b) Transactions for the generation of additional capital growth or income for a Sub-fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:
    - (1) pricing imperfections in the market as regards the property which a Sub-fund holds or may hold; or
    - (2) receiving a premium for the writing of a covered call option or a cash covered put option on property of a Sub-fund which the Company is willing to buy or sell at the exercise price, or
    - (3) stock lending arrangements.

A permitted arrangement in this context may at any time be closed out.

- 10.3 Transactions may take the form of 'derivatives transactions' (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in COLL, or be a 'synthetic future' (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy COLL. A permitted transaction may at any time be closed out.

## 11. Permitted transactions (derivatives and forwards)

- 11.1 A transaction in a derivative must be:
- (a) in an approved derivative; or
  - (b) one which complies with paragraph 15 (OTC transactions in derivatives).
- 11.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Sub-fund is dedicated:
- (a) transferable securities;
  - (b) approved money-market instruments;

- (c) deposits;
  - (d) permitted derivatives under this paragraph;
  - (e) collective investment scheme units permitted under paragraph 8 (Investment in Collective Investment Schemes);
  - (f) financial indices which satisfy the criteria set out in COLL 5.2.20AR;
  - (g) interest rates;
  - (h) foreign exchange rates; and
  - (i) currencies.
- 11.3 The exposure to the underlyings in paragraph 11.2 above must not exceed the limits in paragraphs 5 and 6 above.
- 11.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 11.5 A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 11.6 A transaction in a derivative must not be effected if the intended effect is to create the potential for an uncovered sale of transferable securities, 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 paragraph 14.2 are satisfied.
- 11.7 Any forward transaction must be with an Eligible Institution or an Approved Bank.

## 12. **Financial indices underlying derivatives**

- 12.1 The financial indices referred to in paragraph 11.2(f) are those which satisfy the following criteria:
- (a) the index is sufficiently diversified;
  - (b) the index represents an adequate benchmark for the market to which it refers; and
  - (c) the index is published in an appropriate manner.
- 12.2 A financial index is sufficiently diversified if:
- (a) it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - (b) where it is composed of assets in which a Sub-fund is permitted to invest, its composition is at least diversified in accordance with the

requirements with respect to spread and concentration set out in this Schedule; and

- (c) where it is composed of assets in which a Sub-fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Schedule.

12.3 A financial index represents an adequate benchmark for the market to which it refers if:

- (a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;
- (b) it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
- (c) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

12.4 A financial index is published in an appropriate manner if:

- (a) its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
- (b) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

12.5 **Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall, where they satisfy the requirements with respect to other underlyings pursuant to paragraph 11.2, be regarded as a combination of those underlyings.**

### 13. **Transactions for the purchase of property**

13.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Sub-fund may be entered into only if that property can be held for the account of a Sub-fund, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in COLL.

### 14. **Requirement to cover sales**

14.1 No agreement by or on behalf of a Sub-fund to dispose of property or rights (except deposits) may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Sub-fund at the time of the agreement.

14.2 The above does not apply where:

- (a) the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or
- (b) the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the Scheme Property of a Sub-fund which falls within one of the following asset classes:
  - (1) cash;
  - (2) liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or
  - (3) other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

14.3 In the asset classes referred to in paragraph 14.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

## 15. **OTC transactions in derivatives**

15.1 Any transaction in an OTC derivative under paragraph 11.1(b) must be:

15.1.1 in a future or an option or a contract for differences;

15.1.2 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:

- (a) an Eligible Institution or an Approved Bank; or
- (b) 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;
- (c) a CCP that is authorised in that capacity for the purposes of EMIR;
- (d) a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or
- (e) to the extent not already covered above, a CCP supervised in a jurisdiction that:
  - i. has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and
  - ii. 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.

15.1.3 on approved terms; the terms of the transaction in derivatives are approved only if the ACD carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value (being the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction) and which does not rely only on market quotations by the counterparty; and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and

15.1.4 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:

- (1) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
- (2) if the value referred to in (1) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

15.1.5 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:

- (1) 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
- (2) a department within the ACD which is independent from the department in charge of managing the Scheme Property of a Sub-fund and which is adequately equipped for such a purpose.

15.2 The jurisdictions that fall within paragraph 15.1(e) are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.

15.3 For the purposes of paragraph 15.1.3, 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.

## **16 Risk management**

The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-fund's positions and their contribution to the overall risk profile of a Sub-fund. Please refer to paragraph 33 of the main body of this Prospectus for details.

## **17 Investments in Deposits**

**A Sub-fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing**



**in no more than 12 months.**

## **18 Cover for transactions in derivatives and forward transactions**

- 18.1 A Sub-fund may invest in derivatives and forward transactions as long as the exposure to which a Sub-fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 18.2 Cover ensures that a Sub-fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of its Scheme Property. Therefore, a Sub-fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which a Sub-fund is committed. Detailed requirements for cover of a Sub-fund are set out below.
- 18.3 A future is to be regarded as an obligation to which a Sub-fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which a Sub-fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 18.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.
- 18.5 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 18.6 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 18.7 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.
- 18.8 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
- 18.9 The global exposure relating to derivatives held in a Sub-fund may not exceed the net value of the Scheme Property.

## **19 Warrants and nil and partly paid securities**

- 19.1 Up to 5% in value of the Scheme Property of the Sub-funds may consist of warrants provided that warrants may only be held if it is reasonably foreseeable there will be no change to the Scheme Property between the acquisition of the warrant and its exercise and the rights conferred by the proposed warrant and all other warrants forming part of the Scheme Property

at the time of the acquisition of the proposed warrant will be exercised and that the exercise of the rights conferred by the warrants will not contravene the FCA Rules.

- 19.2 A transferable security or an approved money-market instrument on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company at any time when the payment is required without contravening the rules in COLL 5.
- 19.3 A warrant which is an investment falling within article 80 of the Regulated Activities Order (Certificates representing certain securities) and which is akin to an investment falling within article 79 (instruments giving entitlement to investments) of the Regulated Activities Order may not be included in the Scheme Property unless it is listed on an eligible securities market.

## **20 Cash and near cash**

- 20.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 20.1.5 the pursuit of a Sub-fund's investment objectives; or
  - 20.1.6 the redemption of Shares; or
  - 20.1.7 efficient management of a Sub-fund in accordance with its investment objectives; or
  - 20.1.8 other purposes which may reasonably be regarded as ancillary to the investment objective of a Sub-fund.
- 20.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## **21 Underwriting**

Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in COLL, be entered into for the account of a Sub-fund.

## **22 Borrowing**

- 22.1 Pursuant to FCA Rules, the ACD has the power to borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the property of the Company and borrowings may be arranged with the Depositary, which is an Eligible Institution. The ACD must ensure that any such borrowings comply with the FCA Rules and that the power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation.
- 22.2 The ACD is obliged under FCA Rules to ensure that borrowing on behalf of the Company does not exceed 10% of the value of the investments of the Company on any Business Day. These borrowing restrictions do not apply to 'back to back' borrowing for currency hedging purposes using EPM, i.e.

borrowing permitted to reduce or eliminate risk arising by reason of fluctuations in exchange rates.

22.3 In addition to the restrictions imposed by the FCA Rules, the ACD has undertaken to the Company not to borrow on behalf of the Company other than for the purposes of EPM, i.e. borrowing will not be entered into on behalf of the Company for gearing purposes.

### **23 Restrictions on lending of money**

23.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Company if it is paid to a person ('the payee') on the basis that it should be repaid, whether or not by the payee.

23.2 Acquiring a debenture is not lending for the purposes of paragraph 23.1 nor is the placing of money on deposit or in a current account.

### **24 Restrictions on lending of property other than money**

24.1 Scheme Property other than money must not be lent by way of deposit or otherwise.

24.2 Nothing in this paragraph prevents the Company or the Depositary at the request of the Company from lending, depositing, pledging or charging Scheme Property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5.

### **25 General power to accept or underwrite placings**

25.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this paragraph applies, subject to compliance with any restriction in the Instrument of Incorporation. This paragraph applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-fund.

25.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.

25.3 The exposure of a Sub-fund to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in COLL.

### **26 Guarantees and indemnities**

26.1 The Company or the Depositary for the account of the Company or a Sub-fund must not provide any guarantee or indemnity in respect of the obligation of any person.

26.2 None of the Scheme Property of a Sub-fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

26.3 Paragraphs 26.1 and 26.2 do not apply in respect of a Sub-fund to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, and:

- (a) an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
- (b) an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
- (c) an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of a Sub-fund and the holders of units in that scheme become the first Shareholders in a Sub-fund.

## **27 Breaches of the Investment and Borrowing Powers and Limits**

Generally, the ACD must, at its own expense, take action to rectify a breach of the investment and borrowing powers and limits as soon as it becomes aware of it. However:

- 27.1 if the reason for the breach is beyond the control of the ACD and the Depositary, the ACD must take the steps necessary to rectify a breach as soon as is reasonably practicable having regard to the interests of Shareholders, and, in any event, within six months or, if it is a transaction involving derivatives and forward transactions, five Business Days; and
- 27.2 if the exercise of rights conferred by investments held for any Company would involve a breach, the Company may still exercise those rights if the ACD obtains the prior written consent of the Depositary.

### Schedule 3

#### List of Eligible Markets

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

- a) a regulated market (as defined in the FCA Glossary);
- b) a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public; or
- c) 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 a Sub-fund. In accordance with the relevant criteria in COLL, such a market must be regulated; operate regularly; recognised as a market or exchange or as a self-regulating organisation by an overseas regulator; 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 securities markets on which each Sub-fund is currently permitted to deal.

#### Europe

Switzerland	SIX Swiss Exchange AG
Turkey	Istanbul SE (ISE)
UK	Alternative Investment Market of the London Stock Exchange (AIM)

#### Far East

Australia	ASX Group
Hong Kong	Hong Kong Stock Exchange
India	National Stock Exchange of India
Indonesia	Indonesia Stock Exchange IDX
Japan	Nagoya Stock Exchange Osaka Securities Exchange The Tokyo OTC Tokyo Stock Exchange The TSE Second Section
Korea	Korea Composite Stock Price Index
Malaysia	The Kuala Lumpur Stock Exchange
New Zealand	New Zealand Stock Exchange (NZX)
Philippines	Philippines Stock Exchange
Singapore	Singapore Exchange (SGX)
South Africa	JSE Limited
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand (SET)

#### Americas

Brazil	The Rio de Janeiro Stock Exchange The Sao Paulo Stock Exchange
Canada	Toronto Stock Exchange Montreal Exchange TSX Venture Exchange
Mexico	Mexican Stock Exchange

United States      NYSE Euronext  
The National Association of Securities Dealers Automated Quotation System (NASDAQ)  
The market in transferable securities issued by or on behalf of the Government of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers

**Other**

International      The International Securities Markets Association (ISMA)

Detailed below are the additional eligible derivative markets on which each Sub-fund is currently permitted to deal.

Markets in EU Member States –

UK                      London International Financial Futures Exchange (LIFFE)  
London Securities & Derivatives Exchange Limited (OMLX)

Markets in non-EU Member States -

USA                      NYSE Euronext  
NASDAQ OMX  
The Chicago Board Options Exchange CME Group  
The Chicago Stock Exchange  
The Chicago Mercantile Exchange  
The International Securities Exchange (ISE Stock Exchange)  
The Nasdaq Stock Market  
The National Stock Exchange  
NYSE Euronext  
NASDAQ OMX Futures  
CME Group  
NYSE Arca Equities  
NASDAQ OMX PHLX  
The Over-the-Counter markets regulated by the NASD

Canada                      OTC Bulletin Board  
The Montreal Stock Exchange  
Toronto Futures Exchange

## Schedule 4

### Other ICVCs or Authorised Unit Trusts under managed by the ACD

<u>Authorised Contractual Schemes</u>	<u>Authorised Open-Ended Investment Companies</u>	<u>Authorised Unit Trusts</u>
TM Brunel Pension Partnership ACS	Abaco Fund ICVC 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 Mellifera OEIC 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 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	BPM Trust Eden Investment Fund Elfynn International Trust Glenhuntley Portfolio Trust Hawthorn Portfolio Trust KES Diversified Trust KES Ivy Fund KES Growth Fund KES Income and Growth 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 Gravis UK Listed Property (Feeder) Fund TM Growth Fund TM Hearthstone UK Residential Feeder Fund

**Authorised Contractual Schemes**

**Authorised Open-Ended Investment Companies**

The Wharton Fund  
Thesis JDS Fund  
TM Acer Fund  
TM Admiral Fund  
TM Balanced Growth Fund  
TM Brickwood Funds  
TM Brown Advisory Funds  
TM Brunsdon OEIC  
TM Castlefield Funds  
TM Castlefield Portfolio Funds  
TM Cerno Investment Funds  
TM Cresswell Fund  
TM First Arrow Investment Funds  
TM Gravis Funds ICVC  
TM Gravis Real Assets ICVC  
TM Hearthstone ICVC  
TM Investment Exposures Fund  
TM James Hambro 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 Sanford DeLand Funds  
TM Stonehage Fleming Global Multi-Asset Umbrella Fund  
TM Stonehage Fleming Investments Funds  
TM Timeline NURS Funds  
TM Total Return Fund  
TM UBS (UK) Fund  
TM Veritas Investment ICVC  
Trowbridge Investment Funds  
Vastata Fund

**Authorised Unit Trusts**

TM Managed Fund  
TM Masonic Charitable Foundation Investment Fund  
TM Merlin Fund  
TM New Court Fund  
TM New Court Growth Fund  
TM New Court Return Assets Fund  
TM New Institutional World Fund  
TM Preservation Fund  
TM Private Portfolio Trust  
TM Stonehage Fleming Global Equities Fund  
TM Stonehage Fleming Global Equities Umbrella Fund



## Schedule 5

### Historical Performance and Investor Profile

#### Historical Performance Figures – The Harroway Fund

The comparisons in the table below are based on performance over a five year period and show the total annual return up to 31 December in each year listed.

Share Class	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
Income Shares	49.60	2.68	-10.21	7.92	3.47

***Source of performance data - Morningstar.***

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.

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

#### Investor Profile

The Company and the Sub-fund are marketable to all eligible investors provided they can meet the minimum subscription levels. The typical investor for whom the Sub-fund is designed is for an investor who sees collective investment schemes as a convenient way of participating in investment markets and would like to achieve defined investment objectives. Such investors must have experience with, or understand, products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Company may be suitable for investors who are looking to set aside the capital for at least 5 years.

***If you are uncertain whether investment in the Company is suitable for you, please contact a financial adviser.***

## Schedule 6

### 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, Registrar and Fund Accountant</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>Handelsbanken Wealth &amp; Asset Management Limited</b> 25 Basinghall Street, London EC2V 5HA <a href="http://www.wealthandasset.handelsbanken.co.uk">www.wealthandasset.handelsbanken.co.uk</a>  <b>Baillie Gifford &amp; Co</b> Calton Square, 1 Greenside Row, Edinburgh, Midlothian EH1 3AN <a href="http://www.bailliegifford.com">www.bailliegifford.com</a>  <b>Thesis Asset Management Limited</b> <b>Exchange Building, St John's Street, Chichester, West Sussex</b> PO19 1UP <a href="http://www.thesisam.com">www.thesisam.com</a>  <b>Schroder &amp; Co Limited</b> 1 London Wall Place, London EC2Y 5AU <a href="http://www.schroders.com">www.schroders.com</a>  <b>Brown Advisory Limited</b> 18 Hanover Square, London W1S 1JY <a href="http://www.brownadvisory.com">www.brownadvisory.com</a>
<b>Financial Conduct Authority (FCA)</b>	12 Endeavour Square London E20 1JN