

**Prospectus**  
**for**  
**Moorgate Funds ICVC**

**(A UK UCITS Scheme with FCA Product Reference Number 190019)**

**An investment company with variable capital incorporated with limited liability  
and registered in England and Wales under number IC 000045**

**This Prospectus has been prepared in accordance with the Rules of the  
Financial Conduct Authority as contained in the Collective Investment Schemes  
Sourcebook of the Financial Conduct Authority and is dated and is valid as at  
2 July 2025.**

## SPECIFICATION OF THE COMPANY

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**This document is important and you should read all the information contained in it. If you are in any doubt as to the meaning of any information contained in this document you should consult your professional adviser**

## IMPORTANT NOTES

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER OR CONTACT TUTMAN FUND SOLUTIONS LIMITED AT Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP.

Tutman Fund Solutions Limited, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the COLL Sourcebook to be included in it. Tutman Fund Solutions Limited accepts responsibility accordingly.

This Prospectus has been prepared solely for, and is being made available to investors for the purposes of evaluating an investment in Shares in the Sub-funds. Investors should only consider investing in the Sub-funds if they understand the risks involved including the risk of losing all capital invested.

Except for the information about itself as Depositary contained in paragraphs 3.2, 3.7, 6.4 and 6.6(i) of this Prospectus, the Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the COLL Sourcebook or otherwise.

Copies of this Prospectus have been sent to the FCA and the Depositary.

No person has been authorised by the Company to give any information or to make any representations in connection with the offering of Shares other than those contained in the Prospectus and, if given or made, such information or representations must not be relied on as having been made by the Company. The delivery of this Prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this Prospectus comes are required by the Company to inform themselves about and to observe any such restrictions. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or under the securities laws of any state or political subdivision of the United States of America or any of its territories, possessions or other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (the "United States"). The Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended, nor under any other U.S. federal laws. Accordingly, except as provided for below, no Shares are being offered to US Persons or persons who are in the United States at the time the Shares are offered or sold. For the purposes of this Prospectus, a US Person includes, but is not limited to, a person (including a partnership, corporation, limited liability company or similar entity) that is a citizen or a resident of the United States of America or is organised or incorporated under the laws of the United States of America. Shares will only be offered to a US Person at the sole discretion of the ACD. Certain restrictions also apply to any subsequent

transfer of Shares in the United States or to US Persons (please see the compulsory redemption provisions under section 10.1 below). Should a shareholder become a US person they may be subject to US withholding taxes and tax reporting. "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and any other areas subject to its jurisdiction.

If you are in any doubt as to your status, you should consult your financial or other professional adviser.

Distribution of this Prospectus in certain jurisdictions will require that this Prospectus be translated in the official languages of those jurisdictions. Where such translation is required, the translated version of this Prospectus shall only contain the same information and shall only have the same meaning as in this Prospectus.

Shares in the Company are not listed on any investment exchange.

Potential investors 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.

The provisions of the Instrument of Incorporation are binding on each of its Shareholders (who are taken to have notice of them).

This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by Tutman Fund Solutions Limited.

This Prospectus is based on information, law and practice at the date hereof. The Company cannot be bound by an out of date prospectus when it has issued a new prospectus, and investors should check with the ACD that this is the most recently published Prospectus.

All communications in relation to this Prospectus shall be in English.

## **GLOSSARY OF TERMS**

### **ACD or Authorised Corporate Director**

Tutman Fund Solutions Limited, the authorised corporate director of the Company.

### **Act**

the Financial Services and Markets Act 2000, as amended from time to time.

### **Administrator**

Tutman Fund Solutions Limited, the administrator of the Company.

### **Approved Money-market Instrument**

a money market instrument which is normally dealt with on the money market, is liquid and has a value which can be accurately determined at any time.

### **Approved Security**

as defined in Appendix II.

## **COLL**

Refers to the appropriate chapter or rule in the COLL Sourcebook issued by the FCA as amended from time to time.

### **COLL Sourcebook**

The Collective Investments Sourcebook issued by the FCA as amended from time to time.

### **Class or Classes**

in relation to Shares, means (according to the context) all of the Shares related to a single Fund or a particular class of Share related to a single Fund.

### **Client Money**

Client money means any money that a firm receives from or holds for, or on behalf of, a shareholder in the course of, or in connection with, its business unless otherwise specified.

### **Company**

Moorgate Funds ICVC.

### **Dealing cut off point**

The dealing cut off point for each of the Funds as set out in Appendix I of the Prospectus.

### **Dealing Day**

As stated in Appendix I for each Fund.

### **Depositary**

NatWest Trustee & Depositary Services Limited, the depositary of the Company.

### **Derivatives**

An option, or a future, or a contract for difference.

### **EEA State**

A member state of the European Union and any other state which is within the European Economic Area.

### **Efficient Portfolio Management or EPM**

An investment technique where derivatives are used for one or more purposes: reduction of risk, reduction of cost or generation of additional income with an acceptably low level of risk.

### **Eligible Derivatives Markets**

Derivatives markets which the ACD, after Consultation with the Depositary, has decided are appropriate for the purpose of investment of or dealing in the Scheme Property in accordance with the relevant criteria set out in the COLL Sourcebook and with regard to the Guidance on Eligible Markets issued by the FCA as amended from time to time and as more fully described in Appendix II.

### **Eligible Institution**

One of certain eligible institutions (being a BCD credit institution authorised by its home state regulator or a MiFID investment firm authorised by its home state regulator, as defined in the glossary of definitions to the FCA Handbook).

### **EMT**

European MiFID Template.

### **EUWA**

The European Union (Withdrawal) Act 2018.

### **FCA**

The Financial Conduct Authority, or such successor regulatory authority as may be appointed from time to time, and (where applicable) its predecessors including the Financial Services Authority.

### **FCA Regulations**

Means the rules contained in the Collective Investment Schemes Sourcebook (COLL), and the Investment Funds Sourcebook (FUND), as part of the FCA Rules as they may be amended or updated from time to time.

**FCA Rules**

The FCA's Handbook of Rules and Guidance (including the COLL Sourcebook).

**FCA Handbook**

The FCA Handbook of Rules and Guidance as amended from time to time.

**Fund**

A fund of the Company (being part of the Scheme Property of the Company which is pooled separately) and 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 fund.

**GAPS**

Government and public securities (as defined in the glossary of definitions to the FCA Handbook).

**Instrument of Incorporation**

The instrument of incorporation of the Company, as amended from time to time, registered by the Company in accordance with the OEIC Regulations and the COLL Sourcebook.

**Investment Managers**

Goldman Sachs International and Quilter Cheviot Limited, the Investment Managers to the Company and to the ACD.

**MiFID II**

Markets in Financial Instruments Directive, effective from 3 January 2018, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable.

**Net Asset Value or NAV**

The value of the Scheme Property of the Company (or of any Fund, as the context requires) less the liabilities of the Company (or of the Fund concerned) as calculated in accordance with the Instrument of Incorporation.

**OEIC Regulations**

The Open Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time.

**Register**

The register of Shareholders of the Company.

**Registrar**

Tutman Fund Solutions Limited, the registrar of the Company.

**Regulations**

The OEIC Regulations and the FCA Handbook (including the COLL Sourcebook as amended from time to time).

**Scheme Property**

The property of the Company to be given for safe-keeping to the Depositary in accordance with the COLL Sourcebook.

**SDRT**

Stamp duty reserve tax.

**Share or Shares**

A share or shares in the Company (including larger denomination shares and smaller denomination shares).

**Shareholder(s)**

Holder(s) of registered Shares or bearer Shares in the Company.

**Shares of a Fund**

Shares relating to a particular Fund.

**Signed**

Includes signed by way of a signature or representation of a signature or representation of a signature affixed by photographic, electronic or mechanical means or any other electronic evidence of assent, except where the context specifically requires otherwise.

**Switch**

The exchange of Shares of one sub-fund or Fund for Shares of another sub-fund or Fund.

**UCITS Directive**

the EC Directive on Undertakings for Collective Investment in Transferable Securities, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable.

**Valuation Point**

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 Fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled, sold or redeemed, as set out in Appendix I of this Prospectus.

**VAT**

Value added tax.



## 1. The Company

### 2. General

Moorgate Funds ICVC described in this Prospectus is an open-ended investment company with variable capital, incorporated in England and Wales under the OEIC Regulations, and is an umbrella company as defined in the OEIC Regulations. It is governed by the OEIC Regulations, the COLL Sourcebook and its Instrument of Incorporation. The registered number of the Company is IC45.

The Company is a collective investment scheme as defined in the Act. It is authorised by the FCA and has been certified by the FCA as complying with the conditions necessary for it to enjoy rights conferred by the EU Directive on Undertakings for Collective Investment in Transferable Securities.

The Company was authorised by the FCA on 22<sup>nd</sup> October 1999 and its Instrument of Incorporation was registered with the Registrar of Companies for England and Wales on 26<sup>th</sup> October 1999. The Company has an unlimited duration.

Approval by the FCA in this context refers only to approval under the OEIC Regulations 2001 (as amended) and does not in any way indicate or suggest endorsement or approval of the Sub-funds as an investment.

The object of the Company is to invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes with the aim of spreading investment risk and giving its Shareholders the benefit of the results of the management of that property. The Shareholders have no interest in the Scheme Property, and are not liable for the debts of the Company.

The address of the head office of the Company is Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. This is also the address where notices, or other documents, can be served.

The maximum size of the Company's issued share capital is £10,000,000,000. The minimum size of the Company's issued share capital is £100.

Shares in the Company have no par value. The share capital of the Company at all times equals the Net Asset Value of the Company.

The base currency of the Company and of each Fund is British pounds.

The sole director of the Company is Tutman Fund Solutions Limited which acts as the Authorised Corporate Director. Information on the typical investor profile for each Sub-fund is set out in Appendix IV.

## 2.1 The Structure of the Company

The Company is a UK UCITS scheme which complies with COLL 5 and is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA and the agreement of the Depositary. Each of the Funds are securities schemes. On the introduction of any new Fund, a revised Prospectus will be prepared setting out the relevant details of each Fund.

FCA Product Reference Number 190019

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and investment policy applicable to that Fund.

The Funds represent segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each Fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Funds.

Please also see paragraph 12.1.3 below “Liabilities of the Company and the Funds”.

The Company currently has one Fund, details of which are in Appendix I.

## 2.2 Shares

Classes of Share within the Funds

Several Share Classes and categories may be issued in respect of each Fund, details of which are in Appendix I. At present, the only category of Share issued is net income. However, the ACD may make available gross income Shares, net accumulation Shares and gross accumulation Shares. The ACD may accept subscriptions at a level lower than the stated minimum at its discretion in respect of any Share Class.

A net income Share is one where income is distributed periodically to Shareholders, in accordance with relevant tax law net of any tax deducted or accounted for by the Company. A gross income Share is one where income is distributed periodically to Shareholders, in accordance with relevant tax law, without some or any tax being deducted or accounted for by the Company. A net accumulation Share is one in respect of which income (net of any tax deducted or accounted for by the Company) is credited periodically to capital within the relevant Fund. A gross accumulation Share is one in respect of which income is credited periodically to capital of the relevant Fund but in accordance with relevant tax law without deduction or otherwise by the Company of some or any tax.

Holders of income Shares are entitled to be paid the income attributed to such Shares of the appropriate Class on the interim and annual income allocation dates applying to the relevant Fund.

Holders of accumulation Shares are not entitled to be paid the income attributable to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund at the end of the relevant distribution period and is reflected in the price of an accumulation Share. Where there are both net accumulation Shares and gross accumulation Shares within one category, the proportions income and capital within the category of shares will be adjusted at the end of each distribution period.

Where a Fund has different Classes, each Class may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within a Fund will be adjusted accordingly in accordance with the terms of issue of Shares of those Classes. Also, each Class may have its own investment minima or other features, such as (in the case of the second or further Class of Shares in a Fund) restricted access, at the discretion of the ACD.

### **2.3 The characteristics of Shares in the Company**

Details of each class and the rights attached to each Class in so far as they vary from the rights attached to other Classes are in Appendix I.

A new Class of A shares will be created automatically on or after 6th April in each year for investors subscribing for Class A shares in the following 12 months and will be identified by the year in which it was created e.g. Class A 2000, Class A 2001, and so on. When a new Class of A shares is created it shall have in all respects other than its duration, the same characteristics as the preceding year's Class of A shares. Following the end of each year no further subscriptions will be accepted for Class A shares of any preceding year. At the start of the eleventh year from the launch of a Class of A shares that Class shall be automatically redesignated "Ten Year Class"

and the shares of that Class shall be consolidated with all the other shares of the Ten Year Class of the same type to the extent that there is a single Ten Year Class of the same type.

A new Class of B shares will be created automatically on or after 6th April in a year in which the ACD has decided to close the Class of B shares that are then open. Each Class of B shares will be identified by the year of its commencement. When a new Class of B shares is created it shall have in all respects other than its duration, the same characteristics as the preceding Class of B shares.

The ACD may issue net income Shares, gross income Shares, net accumulation Shares and gross accumulation within each category of Shares. At present only net income Shares are issued.

Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares of the same or another Class within a different Fund subject to the rights and characteristics of the Class A Shares and Class B Shares as referred to above. Details of this switching facility and the restrictions are in section 5.3.7.

The Instrument of Incorporation provides for the issue of bearer Shares. However, currently the Company does not issue bearer Shares.

The title to registered Shares in the Company is evidenced by entry on the Register. Certificates are not issued to Shareholders, except in the case of bearer Shares. Details of a Shareholder's entry on the Register are available from the ACD on request.

The rights attached to the Shares of each Class will be expressed in two denominations, a larger denomination and a smaller denomination. The number of Shares of a Class held by any Shareholder shall be the total of:

$$\frac{N + n}{1000}$$

where  $N$  is the number of larger denomination Shares of that Class held and  $n$  is the number of smaller denomination Shares of that Class held.

The Register and all documentation sent to the Shareholders will show the number of larger denomination Shares and smaller denomination Shares of the same Class held as a single entry derived from the above formula.

If a Shareholder, at any time, has title to more than 1000 of the smaller denomination Shares of any one Class, then sufficient smaller denomination Shares

of that Class will be consolidated into larger denomination Shares of the same Class, in a ratio of 1000 smaller denomination Shares to one larger denomination Share, so that he has title to less than 1000 smaller denomination Shares of that Class.

The ACD may at any time for the purpose of effecting a transaction with a Shareholder in Shares, substitute that Shareholder's entitlement to one or more larger denomination Shares into an entitlement to smaller denomination Shares of the same Class, in a ratio of one larger denomination Share to 1000 smaller denomination Shares.

### **3. The Service Providers**

#### **3.1 The Authorised Corporate Director**

The Authorised Corporate Director of the Company is Tutman Fund Solutions Limited which is a private company limited by shares incorporated in England and Wales under the Companies Act 1985. The ACD was incorporated on 30 July 1985 (Registered Company No 1934644).

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

Share Capital: Issued and paid up £50,000 Ordinary shares of £1 each.

The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Regulations.

As at the date of this Prospectus, the ACD acts as authorised fund manager or authorised corporate director of the FCA-authorized funds set out in Appendix V.

#### **Terms of Appointment**

The ACD was appointed by an agreement between the Company and the ACD (the ACD Agreement). The ACD Agreement provides that the appointment of the ACD is for an initial period of two years and thereafter may be terminated upon six months' written notice by either the ACD or the Company, although in certain circumstances, as set out in the ACD Agreement, it may be terminated forthwith by notice in writing by the ACD to the Company or the Depositary, or by the Depositary or the Company to the ACD. Termination cannot take effect until the FCA has approved the appointment of another authorised corporate director in place of the retiring ACD.

Upon termination of the ACD Agreement and the appointment of another ACD (the New ACD), the ACD may transfer any sums being held as client money to the New ACD, who will continue to hold the money in accordance with FCA client money rules.

The Shareholder will be given the opportunity, upon request, to have the proceeds returned by submitting a written request to the Transfer Agency team at 177 Bothwell Street, Glasgow, G2 7ER.

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. To the extent allowed by the FCA Regulations the ACD Agreement

provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.

The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or re-issue of shares or cancellation of shares which it has redeemed. The fees to which the ACD is entitled are set out in Section 6. Copies of the ACD Agreement are available to Shareholders upon request.

The main business activities of the ACD are (i) acting as an authorised corporate director; (ii) acting as an authorised fund manager; and (iii) fund administration.

The directors of the ACD are listed in Appendix IV.

### **3.2 The Depositary**

NatWest Trustee & Depositary Services Limited is the Depositary of the Company.

The Depositary is incorporated in England as a private limited company. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services.

### **3.3 Duties of the Depositary**

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

### **3.4 Conflicts of interest**

The Depositary may act as the depositary of other 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 UK UCITS or a particular Sub-fund 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 Regulations 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.

The Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian. As such, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

### **3.5 Delegation of Safekeeping Functions**

The Depositary is permitted to delegate (and authorise its delegate to sub-delegate) the safekeeping of Scheme Property.

The Depositary has delegated safekeeping of the Scheme Property to The Bank of New York Mellon, London Branch (BNYM LB) (“the Custodian”). In turn, the Custodian has delegated the custody of assets in certain markets in which the Fund may invest to various sub-delegates (“sub-custodians”). A list of sub-custodians is available from the ACD on request.

### **3.6 Updated Information**

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

### **3.7 Terms of Appointment**

The Depositary was appointed under a Depositary Agreement between the ACD, the Company and the Depositary (the “Depositary Agreement”). Under the Depositary Agreement, the Depositary is free to render similar services to others and the Depositary, the Company and the ACD are subject to a duty not to disclose confidential information.

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 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 result of the Depositary’s negligent or intentional failure to fulfil its obligations.

However, the Depositary Agreement excludes the Depositary from any liability except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence in the performance or non-performance of its obligations.



It also provides that the Depositary will be entitled to be indemnified from the scheme property for any loss suffered in the performance or non-performance of its obligations except in the case of fraud, wilful default, negligence or failure to exercise due care and diligence on its part.

The Depositary Agreement may be terminated on three months' notice by the Company or the Depositary 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.

Details of the fees payable to the Depositary are given in section "Depositary's Fee".

### **3.8 The Administrator**

The ACD will provide administrative (including fund accounting) and secretarial services to the Company.

### **3.9 The Registrar**

The ACD will provide registration services. The Register may be inspected during normal business hours by any Shareholder or any Shareholder's duly authorised agent at the offices of the ACD at 177 Bothwell Street, Glasgow, G2 7ER. The Register is prima facie evidence of entitlement to Shares except in the case of bearer shares. No notice of any trust shall be entered on the Register.

### **3.10 The Auditors**

The auditors to the Company are Johnston Carmichael LLP, whose address is Bishop's Court, 29 Albyn Place, Aberdeen, AB10 1YL.

### **3.11 The Custodian**

The Depositary has appointed The Bank of New York Mellon SA/NV, London Branch, as Custodian of documents of title or documents evidencing title to the Scheme Property of the Company. The relevant arrangements prohibit The Bank of New York Mellon SA/NV, London Branch as such custodian from releasing the documents into the possession of a third party without the consent of the Depositary.

### **3.12 Conflicts of Interest**

The ACD, the Depositary and the Investment Manager are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Company. In addition, the Company may enter into transactions at arm's length with companies in the same group as the ACD or the Investment Manager.

The Depositary may, from time to time, act as depositary of other companies or funds.

The ACD maintains a written conflict of interest policy. The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its shareholders will be prevented. Should any such situations arise the ACD will, as a last resort if the conflict cannot be avoided, disclose these to shareholders in the report and accounts or otherwise an appropriate format.

Each of the parties will, to the extent of their ability and in compliance with the FCA Rules, ensure that the performance of their respective duties will not be impaired by any such involvement.

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

Copies of the ACD and Investment Managers' conflicts of interest policies are available from the ACD upon request.

### **3.13 Exercise of voting rights**

The ACD has strategies for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of each Fund. A summary of these strategies is available from the ACD on request as are the details of the actions taken on the basis of the strategies in relation to each Fund.

### **3.14 Best Execution**

The Investment Managers' execution policies set out the basis upon which the Investment Managers will effect transactions and place orders in relation to the Company whilst complying with its obligations under the handbook of rules issued by the FCA to obtain the best possible result for the Company. Details of the best execution policy are available from the ACD on request.

## **4. The Company's Investment & Borrowing Powers**

### **4.1 The Investment Objectives and Policies**

The investment objectives and policies of each Fund set out are in Appendix I.

### **4.2 The Investment Powers and Investor Profile**

4.2.1 The scheme property of each Fund will be invested with the aim of achieving the investment objective of that Fund but subject to the limits set out in Chapter 5 of the COLL Sourcebook. These limits apply to each Fund as summarised below.

4.2.2 The Funds are marketable to all retail investors.

### **4.3 UK UCITS - General**

4.3.1 The ACD must ensure that, taking into account the objective and policy of each Fund, the property of each Fund is invested so as to provide a prudent spread of risk. Particular requirements as to this spread of risk are set out below.

4.3.2 The property of a Fund must, except where otherwise provided in COLL 5 and this Prospectus, only consist of any or all of:

- (a) transferable securities;
- (b) approved money-market instruments;
- (c) units in collective investment schemes;
- (d) derivatives and forward transactions;
- (e) deposits; and
- (f) movable and immovable property that is essential for the direct pursuit of the Company's business.

### **4.4 Transferable securities**

4.4.1 A transferable security is an investment which is any of the following:

- (a) a share;
- (b) a debenture;
- (c) an alternative debenture;
- (d) a government and public security;
- (e) a warrant; or

(f) a certificate representing certain securities.

4.4.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

4.4.3 In applying the paragraph above to an investment which is issued by a body corporate, and which is a share or a debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

4.4.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

4.4.5 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the criteria in COLL 5.2.7AR (Investment in transferable securities) relating to potential loss, liquidity, reliable valuation, availability of information and negotiability.

4.4.6 A unit in a closed ended fund shall be taken to be a transferable security for the purposes of investment by a Fund provided it fulfils the criteria for transferable securities set out in COLL 5.2.7AR and the rules relating to the constitution of such a closed ended fund as set out in COLL 5.2.7CR.

#### 4.5 Transferable securities linked to other assets

4.5.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:

(a) fulfils the criteria for transferable securities set out in COLL 5.2.7AR; and

(b) is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.

4.5.2 Where an investment as set out in the paragraph above contains an embedded derivative component (see paragraph 4.18 (Derivatives: General)), the requirements of this section with respect to derivatives and forwards will apply to that component.

#### 4.6 Approved money market instruments

4.6.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market (pursuant to COLL 5.2.7GR), is liquid (pursuant to COLL 5.2.7HR) and has a value which can be accurately determined at any time (pursuant to COLL 5.2.7HR).

4.6.2 A Fund may invest in an approved money market instrument which meets the requirements of COLL 5.2.10AR (Money-market instruments with a regulated issuer).

4.6.3 A Fund may invest in an approved money market instrument if it is issued or guaranteed as required by COLL 5.2.10BR (Issuers and guarantors of money-market instruments).

4.6.4 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

#### 4.7 Transferable Securities and Money Market Instruments

4.7.1 Transferable securities and approved money-market instruments held within a Fund must be:

- (a) admitted to or dealt in on an eligible market as described in paragraph 4.8.1; or
- (b) for an approved money-market instrument, not admitted to or dealt in on an eligible market, within COLL 5.2.10AR; or
- (c) recently issued transferable securities provided that:
  - (i) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
  - (ii) such admission is secured within a year of issue.

4.7.2 However, not more than 10% in value of the property of a Fund is to consist of transferable securities and approved money-market instruments other than those referred to above.

4.7.3 The Company will not have any investment in any immovable or movable property for the direct pursuit of the Company's business.

#### 4.8 Eligible Markets: requirements

4.8.1 A market is eligible for the purposes of the COLL Sourcebook and if it is:

- (a) a regulated market;
- (b) a market in the UK or an EEA State which is regulated, operates regularly and is open to the public; or
- (c) any market falling within 4.8.2 below.

4.8.2 A market not falling within 4.8(a) and (b) is eligible for the purposes of the COLL Sourcebook if:

- (a) the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
- (b) the market is included in a list in the Prospectus; and

- (c) the Depositary has taken reasonable care to determine that:
- (i) adequate custody arrangements can be provided for the investment dealt in on that market; and
  - (ii) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

4.8.3 In paragraph 4.8.2(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 transmissions of income and capital to or to the order of investors.

4.8.4 A list of additional markets agreed by the ACD is at Appendix II.

#### 4.9 Spread

4.9.1 This rule does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R (Spread: government and public securities) applies.

4.9.2 For the purposes of this rule, companies included in the same group for the purposes of consolidated accounts as defined in accordance with Directive 2013/34/EU, or the statutory equivalent thereof, which forms part of UK law by virtue of the EUWA, as applicable, or in the same group in accordance with international accounting standards, are regarded as a single body.

4.9.3 Not more than 20% in value of the property of a Fund is to consist of deposits with a single body.

4.9.4 Not more than 5% in value of the property of a Fund is to consist of transferable securities (or certificates representing such securities) or approved money market instruments issued by any single body. This limit is raised to 10% in respect of up to 40% of a Fund. Covered bonds need not be taken into account for the purpose of applying the limit of 40%.

4.9.5 The limit in the previous paragraph of 5% is raised to 25% of the property of a Fund in respect of covered bonds, provided that when the Fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% of the Fund.

4.9.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the property of a Fund, this limit being raised to 10% where the counterparty is an approved bank.

4.9.7 Not more than 20% in value of the property of a Fund is to consist of transferable securities and approved money market instruments issued by the same group (as referred to above).

4.9.8 Not more than 20% in value of the property of a Fund is to consist in units in any one collective investment scheme.

4.9.9 Not more than 5% in value of the property of a Fund is to consist of warrants.

4.9.10 In applying the limits above in relation to a single body, not more than 20% in value of the property of a Fund is to consist of any combination of two or more of the following:

- (a) transferable securities (including covered bonds) or money market instruments issued by that body; or
- (b) deposits made with that body, or
- (c) exposures from OTC derivatives made with that body;

#### 4.10 Counterparty risk and issuer concentration

4.10.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 4.9.6 and 4.9.10.

4.10.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in paragraph 4.9.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.

4.10.3 The ACD may net the OTC derivative positions of a Fund with the same counterparty, provided:

4.10.3.1 it is able legally to enforce netting agreements with the counterparty on behalf of the Fund; and

4.10.3.2 the netting agreements in paragraph 4.10.3.1 do not apply to any other exposures in the Fund may have with that same counterparty.

4.10.4 The ACD may reduce the exposure of scheme property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

4.10.5 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 4.9.6 when it passes collateral to an OTC counterparty on behalf of a Fund.

4.10.6 Collateral passed in accordance with paragraph 4.10.5 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.

4.10.7 In relation to the exposure arising from OTC derivatives as referred to in paragraph 4.9.6 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

4.10.8 The ACD must calculate the issuer concentration limits referred to in paragraph 4.9.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

#### 4.11 Spread: Government and public securities

4.11.1 This rule applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued by:

4.11.2 (a) the UK an EEA State;

4.11.3 (b) a local authority of the UK or an EEA State;

4.11.4 (c) a non-EEA State other than the UK; or

(d) a public international body to which the UK or one or more EEA States belong.

Where no more than 35% in value of the property of a Fund 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. However, currently the Funds are not permitted to invest in over 35% in value of their property in such securities issued by any one body.

#### 4.12 Investment in collective investment schemes

4.12.1 A Fund must not invest in units in a collective investment scheme (“second scheme”) unless the second scheme satisfies all of the following conditions, and provided that no more than 30% of the value of a Fund is invested in second schemes within (a)(ii) to (iv):

(a) the second scheme must:

(i) be a UK UCITS or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

(ii) be a recognised under the provisions of section 272 of the Act (Schemes authorised in designated counties or territories); or

(iii) are authorised as a non-UCITS retail scheme (provided certain requirements are met); or

(iv) are authorised in an EEA State (provided certain requirements are met); or

(v) the scheme is authorised by the competent authority of an Organisation for Economic Co-operation and Development Member country (other than an EEA State) which has:

i) signed the IOSCO Multilateral Memorandum of Understanding; and

ii) approved the scheme’s management company, rules and depositary custody arrangements;



provided certain requirements are met.

- (b) the second scheme must comply, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes);
- (c) the second scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes; and
- (d) where the second scheme is an umbrella the provisions of paragraphs (b) and (c) above apply and COLL 5.2.11R (Spread: general) to each sub-fund as if it were a separate scheme.

4.12.2 A Fund may invest up to 100% of its value in units of collective investment schemes.

4.12.3 A Fund may invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Company or one of its associates.

4.12.4 The maximum level of management fees that may be charged to a Fund and the collective investment schemes in which it invests will not exceed 6%.

4.12.1 The Scheme Property attributable to a Fund may include Shares in another Fund of the Company (a “Second Fund”) subject to the requirements of paragraph 4.12.2 below.

4.12.2 Funds may invest in a Second Fund provided that:

4.12.2.1 the Second Fund does not hold Shares in any other Fund;

4.12.2.2 the requirements set out in paragraphs 4.13 and 4.14 below are complied with; and

4.12.2.3 the investing or disposing Fund must not be a feeder UK UCITS to the Second Fund.

4.13 Investment may only be made in a Second Fund if the rules on double charging contained in the COLL Sourcebook are complied with.

4.14 Where a Fund invests in or disposes of Shares in a Second Fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to that Fund by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale any charge made for the disposal.

#### 4.15 Investment in other group schemes

A Fund may invest in another group scheme managed by the ACD where that scheme makes no charge on issue or redemption of units to the ACD.

#### 4.16 Investment in nil and partly paid securities

A transferable security or an approved money-market instrument on which any sum is unpaid only constitutes an eligible investment if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by a Fund, at the time when payment is required, without contravening the rules in the COLL Sourcebook for UK UCITS schemes.

#### **4.17 Cash, money market instruments and deposits**

##### **Cash**

Cash and near cash may only be held where it may reasonably be regarded as necessary for the pursuit of a Fund's investment objective, redemption of Shares, the efficient management of the scheme or other purposes which may reasonably be regarded as ancillary to the investment objective of a Fund.

##### **Deposits**

A Fund may invest in deposits only if it is:

- (a) with an approved bank (as that term is defined in the Glossary to the FCA Handbook); and
- (b) it is repayable on demand, or has the right to be withdrawn; and
- (c) matures in no more than 12 months.

#### **4.18 Derivatives - general**

Derivative transactions are used in the Funds solely for the purposes of Efficient Portfolio Management and are not intended to increase the risk profile of the Funds.

4.18.1 A transaction in derivatives or a forward transaction must:

- (a) be of a kind specified in paragraph 4.19 (Permitted derivatives and forward transactions); and
- (b) be covered as set out in paragraph 4.35 (Cover for investment in derivatives).

4.18.2 Where a Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 4.9 (Spread: general) and 4.10 (Spread: Government and Public Securities) in relation to spread except for index based derivatives where paragraph 4.18.4 applies.

4.18.3 Where a transferable security or approved money market instrument embeds a derivative as defined in COLL 5.2.19R(3A) and COLL 5.2.19 AG, this must be taken into account for the purposes of complying with this Section 3 of the Prospectus.

4.18.4 Where a Fund invests in an index based derivative, provided the relevant index falls within COLL 5.2.20AR (Financial indices underlying derivatives) the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 4.9 (Spread: General) and 4.10 (Spread: Government and Public Securities). The relaxation is subject to the ACD continuing to ensure that the Scheme Property provides a prudent spread of risk.

#### 4.19 Permitted derivatives and forwards transactions

4.19.1 A transaction in a derivative must:

- (a) be in an approved derivative;
- (b) or be one which complies with paragraph 4.23 (OTC Transactions in Derivatives).

4.19.2 A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated:

- (a) transferable securities;
  - (i) approved money market instruments;
  - (ii) deposits;
  - (iii) derivatives;
  - (iv) collective investment scheme units;
  - (v) financial indices;
  - (vi) interest rates;
  - (vii) foreign exchange rates; and
  - (viii) currencies.

4.19.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

4.19.4 A transaction in a derivative must not cause a Fund to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.

4.19.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved, money market instruments, units in collective investment schemes, or derivatives provided that a sale is not to be considered as uncovered if the conditions in paragraph 4.22 (Requirement to Cover Sales) are satisfied.

4.19.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

4.19.7 A derivative includes an instrument which fulfils the following criteria:

- (b) it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
- (c) it does not result in the delivery or the transfer of assets other than those referred to in paragraph 4.3 (UCITS scheme: permitted types of scheme property) including cash;
- (d) in the case of an OTC derivative, it complies with the requirements in paragraph 4.23 (OTC transactions in derivatives);
- (a) its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

4.19.8 A Fund may not undertake transactions in derivatives on commodities.

#### **4.20 Financial indices underlying derivatives**

4.20.1 The financial indices referred to in paragraph 4.24 are those which satisfy the following criteria:

- (a) the index is sufficiently diversified as set out in COLL 5.2.20AR(2);
- (b) the index represents an adequate benchmark for the market to which it refers as set out in COLL 5.2.20AR(3); and
- (c) the index is published in an appropriate manner as set out in COLL 5.2.20AR(4).

#### **4.21 Transactions for the purchase or disposal of property**

4.21.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of a Fund may be entered into only if:

- (a) that property can be held for the account of the Fund; and
- (b) 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 the Sourcebook.

#### **4.22 Requirement to cover sales**

4.22.1 No agreement by or on behalf of a Fund to dispose of property or rights may be made unless:

- (a) the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights; and
- (b) the property and rights above are owned by the Fund at the time of the agreement.

4.22.2 This requirement does not apply to a deposit.

#### 4.23 OTC transactions in derivatives

4.23.1 Any transaction in an OTC derivative under paragraph 4.19(a) must be:

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

an Eligible Institution or an Approved Bank; or

a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

4.23.1.2 on approved terms pursuant to COLL 5.2.23R(2);

4.23.1.3 capable of reliable valuation pursuant to COLL 5.2.23R(3);

4.23.1.4 subject to verifiable valuation pursuant to COLL 5.2.23R(4).

#### 4.24 Valuation of OTC derivatives

4.24.1 For the purposes of paragraph 4.23.1.2, the ACD must:

4.24.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and

4.24.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

4.24.2 Where the arrangements and procedures referred to above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4R(4) to (6) (Due diligence requirements of AFMs of UCITS schemes and EEA UCITS schemes).

4.24.3 The arrangements and procedures referred to in this rule must be:

4.24.3.1adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

4.24.3.2adequately documented.

#### **4.25 Risk management**

4.25.1 The ACD uses a risk management process, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of a Fund.

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

4.25.2.1 a true and fair view of the types of derivatives and forward transactions to be used within a Fund together with their underlying risks and any relevant quantitative limits; and

4.25.2.2 the methods for estimating risks in derivative and forward transactions.

#### **4.26 Schemes replicating an index**

4.26.1 Notwithstanding paragraph 4.9, a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined in paragraph 4.26.2 below.

4.26.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.

4.26.3 The limit in paragraph 4.26.1 can be raised up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

#### **4.27 Derivatives exposure**

4.27.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which that 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.

4.27.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed.

4.27.3 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.

#### **4.28 Cover for investment in derivatives**

4.28.1 The ACD must ensure that its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property.

#### **4.29 Daily calculation of global exposure**

4.29.1 The ACD must calculate the global exposure of a Fund on at least a daily basis.

4.29.2 For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

#### **4.30 Calculation of global exposure**

4.30.1 The ACD must calculate the global exposure of any Fund it manages either as:

4.30.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in COLL5.2.19R(3A), which may not exceed 100% of the net value of the scheme property of a Fund, by way of the commitment approach; or

4.30.1.2 the market risk of the scheme property of a Fund, by way of the value at risk approach.

4.30.2 The ACD must ensure that the method selected above is appropriate, taking into account:

4.30.2.1 the investment strategy pursued by the Fund;

4.30.2.2 the types and complexities of the derivatives and forward transactions used; and

4.30.2.3 the proportion of the scheme property comprising derivatives and forward transactions.

4.30.3 Where a Fund employs techniques and instruments including repo contracts or stock lending transactions in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.

4.30.4 For the purposes of this paragraph, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

#### **4.31 Commitment approach**

4.31.1 Where the ACD uses the commitment approach for the calculation of global exposure, it must:

- 4.31.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in COLL5.2.19R(3A), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management; and
- 4.31.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 4.31.2 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- 4.31.3 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- 4.31.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.
- 4.31.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund in accordance with paragraph 4.32 need not form part of the global exposure calculation.

#### **4.32 Borrowing**

- 4.32.1 The Company, on the instruction of the ACD may, in accordance with this paragraph, borrow money for the use of the scheme on terms that the borrowing is to be repayable out of the property of the Company. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation. The Company may borrow money only from an Eligible Institution or an Approved Bank (as defined in the Glossary to the FCA Handbook).
- 4.32.2 The ACD must ensure that any borrowing is on a temporary basis, that the borrowings are not persistent, and for this purpose the ACD must have regard in particular to the duration of any period of borrowing; and the number of occasions on which resort is had to borrowing in any period.
- 4.32.3 The ACD must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Depositary; the Depositary's consent may be given only on such conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis only.
- 4.32.4 The ACD must ensure that the Company's borrowing does not, on any business day, exceed 10% of the value of the property of the Company. For these purposes borrowing includes any arrangement designed to achieve a temporary injection of money into the property of the Company in the expectation that the sum will be repaid.

#### **4.33 Stocklending**



- 4.33.1 The ACD may request the Depository to enter into stocklending transactions in respect of a scheme. However, the power must only be exercised where it reasonably appears to the ACD to be appropriate to do so with a view to the generation of capital or income for the scheme with an acceptable degree of risk.
- 4.33.2 Briefly, such transactions are those where the Depository delivers the securities which are the subject of the transaction, in return for which it is agreed that securities of the same kind and amount should be re-delivered at a later date. The Depository at the time of delivery of the securities, receives assets as collateral to cover against the risk that the securities are not returned. Such transaction must always comply with the relevant requirements of the FCA Rules from time to time and the specific rules in the COLL Sourcebook and the Rules on Stocklending described in section 263(B) of the Taxation of Chargeable Gains Act 1992. There is no limit on the value of the property of the scheme which may be the subject of stocklending transactions.
- 4.33.3 The Company does not currently enter into any stocklending transactions. If this position alters a revised prospectus will be made available and investors will be notified in the next report and accounts.

#### 4.34 Significant influence

- 4.34.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or the acquisition gives the Company that power.
- 4.34.2 The Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20 per cent or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

#### 4.35 Concentration

The Company:

- (a) must not acquire transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and represent more than 10% of these securities issued by that body corporate;
- (b) must not acquire more than 10% of the debt securities issued by any single issuing body;
- (c) must not acquire more than 25% of the units in a collective investment scheme;

- (d) must not acquire more than 10% of the money-market investments issued by any single body; and
- (e) need not comply with the above if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

#### **4.36 Guarantees and indemnities**

- 4.36.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.
  - 4.36.2 None of the property of the Company may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
  - 4.36.3 These requirements do not apply to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, or in respect of the Company:
- (f) an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
  - (g) 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 property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the property; and
  - (h) to an indemnity given to a person winding up a scheme if the indemnity is given for the purposes or arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first shareholders in the Company.

#### **4.37 Further information**

The Company will provide upon the request of a Shareholder further information relating to:

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

#### **4.38 Client Money**

As required by the FCA's client money rules, the ACD will hold money received from clients or on the client's behalf in accordance with those rules in a pooled

client bank account, with an approved bank (as defined in the FCA Rules) in the UK.

No interest payment will be made on client money held by the ACD. Client money will be held in a designated client money account with Natwest Group plc.

The ACD will not be liable for any acts or omissions of the approved bank. The approved bank will be responsible for any acts or omissions within its control.

In the event of the insolvency of any party, clients' money may be pooled which means that shareholders may not have a claim against a specific account and may not receive their full entitlement, as any shortfall may be shared pro rata amongst all clients.

The ACD is covered by the Financial Services Compensation Scheme (FSCS). The FSCS may pay compensation if the ACD is unable to meet its financial obligations. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) refer to the FSCS website [www.FSCS.org.uk](http://www.FSCS.org.uk) or call the FSCS on 020 7741 4100 or 0800 678 1100.

## **5. Valuations, Pricing & Dealing**

### **5.1 Valuations**

Valuations of property of the Scheme for the purpose of the calculation of issue and cancellation and sale and redemption prices will be carried out in accordance with the COLL Sourcebook. There will be a single price (on any Share as determined from time to time by the reference to a particular Valuation Point. Accordingly the price of a Share in the Company is calculated by reference to the Net Asset Value (or the relevant proportion of the Net Asset Value) of the Fund to which it relates. Each Fund will have a regular Valuation Point at 5.00pm on each Dealing Day which is also the Dealing cut off point for each of the Funds, although the ACD, at its discretion and subject to consultation with the Depositary, reserves the right not to have a regular Valuation Point for a particular Fund or Funds if this would be inappropriate or unnecessary due to the underlying investments or frequency of dealing of a particular Fund or Funds, subject always to the minimum required by the Regulations from time to time. The ACD may create an additional Valuation Point for any Fund at any time.

The Scheme Property attributed to each Fund will be valued at each Valuation Point of that Fund to determine the proportion of the Net Asset Value attributable to each Class in that Fund for the purpose of calculating the price of each Class in that Fund. Each Fund is valued on a forward pricing basis.

The value of the Scheme Property attributed to the Fund will be the value of its assets less the value of its liabilities. All the Scheme Property attributed to the Fund will be included in each valuation. All instructions to issue or cancel Shares given for a prior Valuation Point shall be assumed to have been carried out (and any cash paid or received).

Each Fund formed after this Prospectus is superseded may bear its own direct establishment costs.

The valuation will be based on the following:

Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.

Except in the case of units in an authorised unit trust or units or shares in other collective investment schemes, all transferable securities will be valued:

- (i) If an appropriate single price for buying and selling the security is quoted or obtainable, at that price.
- (ii) If appropriate separate bid and offer prices are quoted or obtainable, the average of these two prices adjusted, if necessary taking account of dealing sizes and other relevant factors.
- (iii) Otherwise, where no appropriate price is quoted or obtainable, at a price which, in the opinion of the ACD, is a fair and reasonable mid-market price for that security adjusted to take account of dealing sizes and other relevant factors.

Units or shares in an authorised unit trust or other collective investment scheme will be valued:

- (i) Where the ACD would expect to purchase units for a different amount (not including an initial charge or dilution levy, if any) from that it would receive on the sale of those units (not including a redemption charge or dilution levy, if any), and is able to obtain those amounts, at the average of the latest of those two amounts.
- (ii) Where the ACD would expect to purchase units for the same amount (not including an initial charge or dilution levy, if any) as that it would expect to receive on a sale of those units (not including a redemption charge or dilution levy, if any), and is able to obtain that amount, at that amount.
- (iii) Otherwise at the average of the latest available bid price and offer price of the units or shares as reported by such undertakings.
- (iv) Funds may invest in units for which the net asset value price is calculated on a less frequent basis than daily. Market volatility may result in the latest available prices not accurately reflecting the fair value of the Fund's investments. This situation could be exploited by investors who are aware of the direction of market movement, and who might deal to exploit the difference between the next published Net Asset Value and the fair value of the Fund's investments. By these investors paying less than

the fair value for Shares on issue, or receiving more than the fair value on redemption, other Shareholders may suffer a dilution in the value of their investment.

To prevent this, the Fund may, during periods of market volatility, adjust the Net Asset Value per Share prior to publication to reflect more accurately the fair value of the Fund's investments. The adjustment will be based upon the percentage change in the benchmark index for the Fund since the previous close, provided that such change exceeds the threshold as determined by the Directors for the relevant Fund. If an adjustment is made, it will be applied consistently to all Classes of Shares in the same Fund and at the level of the percentage change in the benchmark index.

A contingent liability transaction will be valued at the net value on closing out, excluding transaction costs, whether as a positive or negative value.

If the property is an off-exchange derivative, the method of valuation will be agreed between the ACD and the Depositary.

All other Scheme Property will be priced at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

If there are any outstanding agreements to purchase or sell any of the Scheme Property attributed to the Fund which are uncompleted, then the valuation will assume completion of the agreement. However, the ACD need not include agreements that have been received by the ACD less than ½ hour before the Valuation Point.

Not included in this paragraph are any futures or contracts for differences which are not yet due to be performed and are unexpired, and any unexercised written or purchased options.

Added to the valuation will be:

- (i) any accrued and anticipated tax repayments of the Company attributed to the Fund;
- (ii) any money due to the Company, and attributed to the Fund, because of Shares issued prior to the Valuation Point;
- (iii) income due and attributed to the Fund but not received by the Company; and
- (iv) any other credit of the Company due to be received by the Company and attributed to the Fund.

Amounts which are de minimis may be omitted from the valuation.

Deducted from the valuation will be:

- (i) any anticipated tax liabilities of the Company attributed to the Fund;
- (ii) any money due to be paid out by the Company, and attributed to the Fund, because of Shares cancelled prior to the Valuation Point;

(iii) the principal amount and any accrued but unpaid interest on any borrowings and attributed to the Fund; and

(iv) any other liabilities of the Company attributed to the Fund, with periodic items accruing on a daily basis.

Amounts which are de minimis may be omitted from the valuation.

## 5.2 Price of Shares

The Net Asset Value of each Class in each Fund will be calculated as follows:

The value of the Scheme Property of the Fund (excluding the distribution account and the unclaimed distribution account) will be calculated at the relevant Valuation Point as in 5.1 above.

The value of the proportionate interests of each Class within each Fund will be ascertained by reference to the proportions which the units of entitlement of the Shares of the relevant Class bears to the total units of entitlement of all Shares in the Fund.

The number of larger denomination Shares and smaller denomination Shares of the relevant Class in issue immediately prior to the Valuation Point will be ascertained.

The number of smaller denomination Shares of the Class concerned will be notionally converted into larger denomination Shares of the Class concerned by dividing the number of smaller denomination Shares of that Class by one thousand. The result will be expressed to three decimal places and will be added to the number of larger denomination Shares of that Class.

The Net Asset Value per Share of each Class in each Fund will be calculated as follows:

- (a) The Net Asset Value per Share for the larger denomination Shares of the relevant Class will be (b) above, divided by the number of larger denomination Shares of that Class in issue including notional Shares calculated in accordance with (d), above. This figure will be rounded to at least four significant figures.

The Net Asset Value per Share for the smaller denomination Shares of that Class will be one thousandth of that of the larger denomination Shares of that Class ascertained in (e) above. This figure will be rounded to at least four significant figures.

As the Fund deals on the basis of single pricing, subject to the preliminary charge, the switching charge and any redemption charge (see Part 6), the price payable by

an investor buying Shares will be the same as when a Shareholder sells Shares, that is, the Net Asset Value per Share as described above.

The value of the redemption proceeds from the Shares of each Class when a Shareholder sells Shares is:

(i) Where the Class has a redemption charge, the Net Asset Value of Shares of that Class ascertained as above less the redemption charge, rounded to at least four significant figures. At present no redemption charge is levied on Shares of any Class. Were such a charge to be introduced it would apply only to Shares issued after the date of this Prospectus.

(ii) Where the Class has no redemption charge, the Net Asset Value of Shares of that Class as ascertained above.

The price of Shares of each Class in each Fund when an investor buys Shares is:

(i) Where the Class has a preliminary charge and a switching charge, the Net Asset Value of Shares of that Class ascertained as above plus the preliminary charge or the switching charge (as appropriate), rounded to at least four significant figures.

(ii) Where the Class has no preliminary charge or switching charge, the Net Asset Value of Shares of that Class as ascertained above.

Where permitted and subject to the Regulations, the ACD may in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The latest Net Asset Value of Shares, together with the latest preliminary charge and estimated yield for each Class of each Fund are published daily on the website: [www.trustnet.com](http://www.trustnet.com) and available free of charge by calling the ACD's general enquiries line on 0141 483 9701. For reasons beyond the control of the ACD, these will not be the current prices.

## **5.3 Dealing in Shares**

### **5.3.1 Dealing Prices**

Shares may normally be bought from and sold to the ACD between 9.00 a.m. and 5.00 p.m. on any Business Day (or at other times at the ACD's discretion). Unless otherwise requested the ACD will deal as agent between the investor and the Company.

All dealing will be forward to the prices calculated at the next valuation.

When buying Shares, an investor pays the price and any charges (see Part 6), less any discount on the current preliminary charge (if any) that might be operating. When selling Shares, a Shareholder receives the price, less any charges (see part 6).

In each case a contract note confirming the transaction will be dispatched by the close of business on the first working day after the Valuation Point at which the transaction was priced.

### 5.3.2 Dilution Levy

The Company may suffer dilution (reduction) in the value of the Scheme Property as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of such investments. It is not, however, possible to predict accurately whether dilution will occur at any point in time. With a view to countering this, the ACD is permitted to require the payment of a dilution levy as an addition to the price of Shares on their issue by the Company or sale by the ACD, and as a deduction on their cancellation by the Company or redemption by the ACD, but does not at present intend to do so. In cases where a dilution levy is made the value of the capital of the Scheme Property of a Fund will not be adversely affected by dilution. A dilution levy must be imposed only in a manner, that so far as practicable, is fair to all Shareholders or potential Shareholders.

The ACD reserves the right to charge a dilution levy of up to 0.12% on sales (creation) and 0.05% on redemption (liquidation) of the Net Asset Value of a Share if the value of any sale, redemption, issue or cancellation from a single Shareholder or a single intermediary (or a series of sales, redemptions, issues or cancellations from a single Shareholder or a single intermediary in respect of the same Valuation point) in any Fund exceeds £1,000,000. The actual percentages can only be accurately calculated at the time at which they are applied and, as such, these percentages are subject to change.

If charged, the dilution levy will be paid forthwith by the ACD to the Depositary and will become part of the Scheme Property attributed to the relevant Fund.

### 5.3.3 Buying Shares

Shares may be bought through intermediaries or direct from the ACD as principal or agent. The ACD may make a profit from dealing in Shares as principal. The ACD is not accountable to Shareholders for any profit it makes in dealing in Shares as principal.

Requests to buy Shares may be made in writing or, at the ACD's discretion, by telephone to the ACD's Transfer Agency Team on any Business Day. The ACD may accept instructions to buy shares given by electronic communication. Electronic communication does include email. The Transfer Agency Team is at 177 Bothwell Street, Glasgow, G2 7ER, telephone 0141 483 9700, fax 0207 131 8261. The telephone number for general enquiries is 0141 483 9701. Telephone calls may be



recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information. An order for the purchase of Shares will only be accepted by the ACD once it is in receipt of cleared funds. Payment must be made by a cheque where minimum investment levels allow or a telegraphic transfer of monies for the total amount to be invested. Minimum investment amounts, which may be waived at the ACD's discretion, for each Class of each Fund are given in Appendix I.

Where an instruction has been received by telephone, settlement is due within 4 Business Days of the Valuation Point. Purchases made by telephone are subject to risk limits at the ACDs discretion, and the ACD may at its discretion reject or defer an instruction to purchase Shares until it is in receipt of cleared funds for the purchase (when the purchase of Shares will be placed at the next Valuation Point following receipt of cleared funds). An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

The ACD, at its discretion has the right to cancel a purchase deal if settlement is materially overdue (being more than 5 Business Days of receipt of an application form or other instruction) and any loss arising on such cancellation shall be the liability of the applicant. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

The ACD reserves the right to charge interest above the prevailing Bank of England Base rate, on the value of any settlement received later than the 4th Business Day following the Valuation Point.

The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or in part, and in this event the ACD will return any monies sent, or the balance of such monies at the risk of the applicant.

No interest payment will be made on client money held by the ACD, prior to investment in the Scheme. Client money will be held in a designated client money account with NatWest Group plc.

If you receive advice through an authorised Financial Adviser, you may qualify for cancellation rights. This means you can cancel your instruction at any time during the 14 days after you receive the cancellation notice. If you do not receive advice through an authorised Financial Adviser no rights of cancellation or withdrawal will subsist in this arrangement. If an investor decides to cancel the contract, and the value of their investment has fallen at the time the ACD receives their completed

cancellation notice, the investor will not get a full refund; an amount equal to any fall in value will be deducted from the sum originally invested.

#### 5.3.4 Selling Shares

Instructions for the sale of Shares may be given in writing or, at the ACD's discretion, by telephone to the Transfer Agency Team on any Business Day. Telephone calls may be recorded by the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph "Telephone Recordings" below for further information. The ACD may accept instructions to sell shares given by electronic communication. Electronic communication does include email. The ACD may act as principal or agent. Subject to the COLL Sourcebook, the redemption proceeds of a sale of Shares will be paid by the close of business four working days after the later of the ACD receiving properly completed documentation or the Valuation Point after the order was received. Redemption proceeds are normally payable only to one or more of the registered Shareholders. The ACD reserves the right, at all times, to require a form of renunciation to be completed. If this is necessary, it will be issued with the contract note. The ACD also reserves the right to send repurchase proceeds by cheque to the registered address.

Where requested redemptions exceed 10% of a Fund's value at any Valuation Point, redemptions may be deferred at a Valuation Point to the next Valuation Point. This will enable the ACD to match the sale of scheme property to the level of redemption, thereby reducing the impact of dilution.

At the next such Valuation Point, all deals relating to an earlier Valuation Point are completed before those relating to a later Valuation Point are considered.

The minimum value of Shares which may be sold in each Class of each Fund is given in Appendix I. Any Shares transferred directly to the Company, with the ACD acting as agent, will be cancelled.

#### 5.3.5 Issue of Shares in Exchange for in Specie Assets

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

The ACD will, by the close of business on the fourth business day next after the issue of any Shares in exchange for assets as above, ensure transfer to the Depositary of the assets to be taken in exchange.

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

The ACD will not issue Shares in any Fund in exchange for assets the holding of which would be inconsistent with the investment objective or policy of that Fund.

#### 5.3.6 In Specie Redemptions and Cancellations of Shares

In specie redemptions and cancellation of Shares will be allowed:

In the case of holdings valued at less than 5% of the value of the Scheme Property attributed to the Fund, at the request of the Shareholder, and at the discretion of the ACD.

In the case of holdings valued at 5% or greater of the value of the Scheme Property attributed to the Fund, at the request of the Shareholder and at the discretion of the ACD, or if the ACD so demands by written notice to the Shareholder.

The ACD 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 Scheme Property of the relevant Fund (or, if required by the Shareholder, the net proceeds of such Scheme Property) to the Shareholder.

The Scheme Property to be transferred (or, if required by the Shareholder, the proceeds of sale of such Scheme Property) is subject to the retention by the Company of Scheme Property or cash of a value or amount equivalent to any stamp duty reserve tax or stamp duty to be paid in relation to the cancellation of Shares.

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 the cancellation/redemption than to continuing Shareholders.

#### 5.3.7 Switching Shares

Subject to the rights and characteristics of Class A Shares and Class B Shares, a Shareholder in a Fund or Sub-Fund may at any time switch all or some of his Shares of one Fund or Sub-Fund (the "Original Shares") for Shares of another Fund or Sub-Fund (the "New Shares").

Switching may be effected either in writing to the ACD or, at the ACD's discretion, by telephone to the ACD's dealing department. Telephone calls may be recorded by

the ACD, its delegates, their duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes, please see paragraph “Telephone Recordings” below for further information.

The ACD may charge a fee on the switching of Shares between Funds or Sub-Funds. This fee will be quoted as a percentage of the Net Asset Value of the New Shares purchased and the rate will be the same as that of the preliminary charge which would otherwise be payable for the New Shares (see section 6.1). The effect of this is that switching between different funds or Sub-Fund is treated as if a Shareholder had sold his Shares in a Fund or Sub-Fund and then bought Shares in another fund. A discount on the switching charge, negotiable by the ACD may be given. Valuations for determining the number of New Shares to be issued will take place at the first Valuation Point in each Fund after the switching request is received.

If a switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Original Shares to New Shares or refuse to effect any switch of the Original 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.

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 Original Shares as may be permitted pursuant to the COLL Sourcebook.

Please note that a switch of Shares in one Fund or Sub-Fund for Shares in any other Fund or Sub-Fund is treated by the HM Revenue & Customs as a redemption and sale and therefore will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation.

A shareholder who switches shares in one Fund for shares in any other Fund will not be given a right by law to withdraw from or cancel the transaction.

#### 5.3.8 Share Class Conversions

If applicable, a holder of shares in a Share Class (“Old Class Shares”) the Company may exchange all or some of his shares for shares of a different Share Class (“New Class Shares”). An exchange of Old Class Shares for New Class Shares will be processed as a conversion (“Share Class Conversion”). Unlike a Switch, a conversion of Old Class Shares into New Class Shares will not involve a redemption and issue of shares. For the purposes of Income Equalisation the New Class Shares will receive the same treatment as the Old Class Shares.

The number of New Class Shares issued will be determined by a conversion factor calculated by reference to the respective prices of New Shares and Old Shares at the valuation point applicable at the time the Old Class Shares are converted to New Class Shares.

Share Class Conversions may be affected by writing to the Transfer Agency Team. A converting shareholder must be eligible to hold the shares into which the Share Class Conversion is to be made. It is the ACD's intention that Share Class Conversions will be processed at the next Valuation Point following receipt of the instruction, however the ACD reserves the right to defer a Share Class Conversion until no later than after the next Annual Accounting Date if it is in the interests of other Shareholders. The ACD may accept requests to convert Shares by electronic communication. Electronic communication does include email.

If the Share Class Conversion would result in the Shareholder holding a number of Old Class Shares or New Class Shares of a value which is less than the minimum holding in the Share Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Class Shares to New Class Shares or refuse to effect any Share Class Conversion of the Old Shares.

Please note that, under current tax law, a share class conversion of shares between different share classes in the same Company will not be deemed to be a realisation for the purposes of capital gains taxation.

A shareholder who converts their shares in one share class to shares in a different share class will not be given a right by law to withdraw from or cancel the transaction.

#### 5.3.9 Money Laundering

As a result of legislation in force in the United Kingdom 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 when buying Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to sell Shares.

#### 5.3.10 Restrictions and Compulsory Transfer and Redemption

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares in the Company 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 or switching of Shares.

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

A person who becomes aware that he is holding or owns affected Shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which he is not qualified to hold such affected Shares, shall forthwith, unless he has already received a notice as aforesaid, either transfer all his affected Shares to a person qualified to own them or give a request in writing for the redemption of all his affected Shares pursuant to the COLL Sourcebook.

#### 5.3.11 Transfers

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD.

#### 5.3.12 Suspension of Dealings in the Company

The ACD may, with the prior agreement of the Depositary, and must without delay if the Depositary so requires temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Sub-funds where due to exceptional circumstances it is in the interests of all the Shareholders in the relevant Sub-fund or Sub-funds.

The ACD and the Depositary must ensure that the suspension is only allowed to continue for as long as is justified having regard to the interests of Shareholders.

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 and the regulator in each EEA State where any or all of the Sub-funds are offered for sale.

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 suspension.

Where such suspension takes place, the ACD will publish details on its website or other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration.

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.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will 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.

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.

#### 5.3.13 Deferred Redemptions

In times of high redemption, to protect the interests of continuing Shareholders the ACD may defer all redemptions at any Valuation Point to the next Valuation Point where requested redemptions exceed 10% of a relevant Fund's value. This will allow the ACD to match the sale of the Scheme Property to the level of redemptions, thereby reducing the impact of dilution on the relevant Fund. At the next such Valuation Point all deals relating to the earlier Valuation Point will be completed before those relating to a later Valuation Point are considered.

#### 5.3.14 Market Timing

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

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

#### 5.3.15 Governing Law

All deals in Shares are governed by English law.

## 6. Charges & Expenses

All fees or expenses payable by a Shareholder or out of Scheme Property are set out in this section.

### 6.1 The ACD's Preliminary and Switching Charges

The ACD may make a preliminary charge on the sale of Shares. The level of the preliminary charge varies for different Classes, and is expressed as a percentage of the Net Asset Value of the Shares being acquired.

The ACD may also make a charge on switches between Shares of one Fund and Shares of another Fund. Again, the level of this charge varies for different Classes, and is expressed as a percentage of the Net Asset Value of the Shares being acquired.

The current preliminary charges for each Class are given in Appendix I. The current switching charges for each Class are the same as the current preliminary charges respectively for that Class. Currently, no switching charge is levied.

Any increase of the preliminary charge may be made by the ACD, in accordance with the Regulations.

### 6.2 The ACD's Redemption Charges

The Instrument of Incorporation of the Company authorises the ACD to make a charge on the redemption of Shares. If the ACD makes a redemption charge it shall be an amount equal to the then current stamp duty or stamp duty reserve tax payable by the ACD on the cancellation of the relevant shares. The current redemption charges for each Class are given in Appendix I.

Any change to the rate or method of calculation of a current redemption charge may be made by the ACD in accordance with the Regulations.

### 6.3 Payments by the Company to the ACD

6.3.1 An annual fee is paid by the Company out of the Scheme Property to the ACD and accrues and is reflected in the price of each Class daily. Payment



to the ACD is monthly in arrears. This fee includes provision for the services provided by the ACD as Registrar and Administrator. The Investment Manager's fee is also paid by the ACD from the annual management charge

- 6.3.2 The level of these charges may vary for different Classes and is expressed as a percentage of the Net Asset Value of the proportion of the Scheme Property attributed to each Fund or Class, as appropriate.
- 6.3.3 The current annual fee for Class A and Class B Shares is given in Appendix I.
- 6.3.4 On a winding-up of the Company or a Fund or on the redemption of a Class 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 receiving any outstanding obligations. No compensation for loss of office is provided for in the Agreement with the ACD.
- 6.3.5 The current annual fee to the ACD for a Class may be increased in accordance with the Regulations.
- 6.3.6 The ACD is also entitled to be paid by the Company out of the Scheme Property all reasonable, properly vouched for, out-of-pocket expenses incurred in the performance of its duties including set-up costs of the Company or a new Fund. (see Appendix I).
- 6.3.7 Where the investment objective of a Fund 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 fees of the ACD may be charged against capital instead of against income in accordance with the Regulations. This will only be done with the approval of the Depositary.

The ACD may not introduce a new category of remuneration for its services payable out of the Scheme Property unless the ACD obtains the approval of an extraordinary resolution of Shareholders of the relevant Class or Fund, in the Company, as appropriate at an Extraordinary General Meeting.

The Thesis Group remuneration policy is designed to be compliant with the UCITS V Remuneration Code contained in SYSC 19E of the FCA Handbook, and provides a framework to attract, retain and reward employees and partners and to maintain a sound risk management framework, with particular attention to conduct risk. The overall policy is designed to promote the long term success of the group. The policy is designed to reward partners, directors and employees for delivery of both financial and non-financial objectives which are set in line with company strategy.

Details of the Thesis Group remuneration policy are available on the website (<https://www.tutman.co.uk/remuneration-policy/>)

A paper copy of the remuneration policy can be obtained free of charge by telephoning 0141 483 9701.

Any fees payable to the ACD may be reduced or waived by the ACD at its discretion.

#### 6.4 Depositary's Fee

The Depositary receives for its own account a periodic fee out of the Scheme Property which will accrue due monthly on the last business day in each calendar month in respect of that day and the period since the last business day in the preceding month and is payable as soon as practicable after it has accrued (and in any event within seven days after the day on which it accrues due). The fee is calculated by reference to the value of each Fund on the last business day of the preceding month except for the first accrual which is calculated by reference to the first Valuation Point of each Fund. The fee is payable out of the property attributable to each Fund. The rate of the periodic fee is agreed between the ACD and the Depositary.

(i) The current charge is 0.0275% per annum plus VAT on Scheme Property below £50,000,000,

(ii) 0.025% per annum plus VAT on Scheme Property between £50,000,000 and £100,000,000,

(iii) 0.02% per annum plus VAT on Scheme Property above £100,000,000.

subject to a minimum of £7,500 per annum. The rates can be varied from time to time in accordance with the Regulations and subject to shareholder consent where required. The first accrual in relation to any Fund will take place in respect of the period beginning on the day on which the first valuation of that Fund is made and ending on the last business day of the month in which that day falls.

The total remuneration payable to the Depositary out of the property attributable to each Fund for its services also includes transaction and safe custody charges. Transaction charges vary from country to country, dependent on the markets and the value of the stock involved and are subject to a charge which currently values between £5.00 and £472 and accrues 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. Safe custody charges again vary from country to country depending on the markets and currently vary between 0.003% and 0.50%\* of the value of the stock involved and accrue and are payable as agreed from time to time by the ACD and the Depositary.

\*With the exception of:

- USA (Physical Securities) - £14 per line per calendar month.
- Not in Bank / Not in Custody Assets - £65 per line per calendar month.

The Depositary will also be paid out of the property attributable to each Fund, expenses properly incurred in the performance of, or arranging the performance of,

functions conferred on it by the Depositary agreement, the Regulations or by the general law including but not limited to: (i) custody of assets (including overseas custody services); (ii) the acquisition holding and disposal of property; (iii) the collection of dividends, interest and any other income; (iv) the maintenance of distribution accounts; (v) the conversion of foreign currency; (vi) registration of assets in the name of the Depositary or its nominee or agents; (vii) borrowings, stocklending or other permitted transactions; (viii) communications with any parties (including telex, facsimile, SWIFT and electronic mail); (ix) taxation matters; and (x) insurance matters.

The Depositary shall be entitled to recover its fees, charges and expenses when the relevant transaction or other dealing is effected or relevant service is provided or as may otherwise be agreed between the Depositary and the Company or the ACD.

On a winding up of the Company, the termination of a Fund or the redemption of a class of shares, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of the commencement of the 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.

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

Expenses not directly attributable to a particular Fund will be allocated between Funds. In each such case such expenses and disbursements will also be payable if incurred by 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 COLL Sourcebook by the Depositary.

#### **6.5 Investment Managers, Administrator and Registrar's Fee**

The fees payable to the Investment Managers and to the ACD in its capacity as Administrator and Registrar are currently payable out of the annual management charge.

#### **6.6 Other Expenses Payable out of the Scheme Property**

In accordance with the Regulations, the following payments may lawfully be made out of the Scheme Property:

- (a) Broker's commission, fiscal charges and any other disbursements which are necessarily incurred in effecting transactions for the Company. This will include expenses incurred in acquiring and disposing of investments including legal fees and expenses, whether or not the acquisition or disposal is carried out.

- (b) Any costs incurred in modifying the Instrument of Incorporation or the Prospectus.
- (c) Any costs incurred in respect of meetings of the Shareholders (including meetings of Shareholders in any particular Fund or Class).
- (d) Interest on borrowings permitted under the Instrument of Incorporation or the Prospectus and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.
- (e) Taxation and duties payable in respect of the Scheme Property, the Instrument of Incorporation, the Prospectus or the creation and issue of Shares.
- (f) Any stamp duty and stamp duty reserve tax to the extent that the Company is liable for any such charge and is not reimbursed by any third party.
- (g) The fees of the Auditors and the tax, legal and other professional advisers to the Company and to the ACD and the Depositary properly payable and any proper expenses of the Auditors, tax, legal and other professional advisers to the Company and to the ACD and the Depositary.
- (h) The fees of the FCA under the Act, or any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed.
- (i) Any expenses properly incurred by the Depositary in performing duties imposed upon it (or exercising powers conferred on it) by the Regulations. The relevant duties include the delivery of stock to the Depositary or the Custodian, the custody of assets, the collection of income, the submission of tax returns, the handling of tax claims, the preparation of the Depositary's annual report and any other duties the Depositary is required to perform by law.
- (j) Fees in respect of the publication and circulation of details of the prices and yields of Shares, and other such information which the ACD is required by law to publish.
- (k) The costs of printing and distributing reports, accounts and the Prospectus (apart from the costs and expenses of distributing any simplified prospectus or key investor information document), and any costs incurred as a result of periodic updates of the Prospectus and any other administrative expenses.

- (l) Insurance which the Company may purchase and/or maintain for the benefit of and against any liability incurred by any directors of the Company in the performance of their duties.
- (m) Liabilities under a scheme of arrangement arising where the property of a body corporate or another collective investment scheme is transferred to the Depositary in consideration for the issue of Shares to the shareholders in that body or to participants in that other scheme, provided that any liability arising after the transfer could have been paid out of that other property had it arisen before the transfer and, in the absence of any express provision in the Instrument of Incorporation forbidding such payment, the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of transfer.
- (n) It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in future, the fees connected with the listing will be payable by the Company.

VAT will be added to these payments, where applicable.

Any third party research received in connection with investment advisory services that an Investment Manager provides to the Sub-funds will be paid for by the Investment Manager out of its fees, as relevant in relation to each Sub-fund, and will not be charged to the Sub-funds.

#### **6.7 Allocation of Charges and Expenses between Funds**

All the above fees, duties, and charges (other than those borne by the ACD) will be charged to the Fund in respect of which they were incurred but where an expense is not considered to be attributable to any one Fund, the expense will normally be allocated daily at the relevant Valuation Point to all Funds pro rata to the Net Asset Value of the Fund, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

## 7. Determination & Distribution Of Income

The accounting reference date of the Company is 31<sup>st</sup> March and the half-yearly accounting date is 30<sup>th</sup> September. The annual and interim (if any) income allocation dates for each Fund are set out in Appendix I. Allocations of income are made in respect of the income available for allocation in each distribution period.

Income is paid by direct credit to each Shareholder's bank or building society account when the distribution is paid. Please note that payment of distribution by cheque is not available. If income is reinvested, Shares will be purchased at the relevant price calculated at the next Valuation Point following each Fund's distribution date.

The amount available for distribution in any distribution period is calculated by taking the proportion of the aggregate of the income received or receivable for the account of the relevant Fund in respect of that period attributable to the relevant Class and deducting the charges and expenses of the relevant Class paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustment as it considers appropriate (and after consulting with the auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within twelve 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, the ACD's best estimate of the tax reliefs on charges and expenses and any other adjustments which the ACD considers appropriate.

Income earned in an interim accounting period may not be distributed immediately but retained and used to ensure that distributions paid throughout the year are broadly similar.

The Authorised Corporate Director and the Depositary have agreed a de minimis amount of £20 in respect of distribution of income payments made by cheque.

Any distribution payment of a Fund which remains unclaimed after a period of six years from the date of payment, will be forfeited and will be transferred to and become part of that Fund's capital property. Thereafter, neither the Shareholder nor any successor will have any right to it except as part of the capital property.

The Company will operate grouping for equalisation. Each Class will operate its own equalisation account. Shares purchased during a distribution period are called Group 2 Shares. Shares purchased during any previous distribution period are called Group 1 Shares. Group 2 Shares contain in their purchase price an amount called equalisation which represents a proportion of the net income of the Fund that has accrued up to the date of purchase. The amount of equalisation is averaged across

all the Shareholders of Group 2 Shares and is refunded to them as part of their first distribution and is treated as a return of capital for tax purposes. Being capital it is not liable to income tax but must be deducted from the cost of Shares for capital gains tax purposes.

#### Annual Reports

An Annual report of the Company will be published within four months of each annual accounting period and a half-yearly report will be published within two months of each interim accounting period. The annual and half-yearly reports will be available upon request.

### **8. Shareholders' Voting Rights**

#### **8.1 General Meetings**

The ACD or the Depositary may convene a general meeting at any time.

Shareholders may also requisition a general meeting of the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Shares of the Company then in issue and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

#### **8.2 Notice and Quorum**

Shareholders will receive at least 14 days' notice of a Shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an Adjourned Meeting is one Shareholder present in person or by proxy. Notices of the Meetings and Adjourned Meetings will be sent to the Shareholders at their registered address.

#### **8.3 Voting Rights**

At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote.

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue at the date seven days before the notice of meeting was sent out.

A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Except where the COLL Sourcebook or the Instrument of Incorporation require an extraordinary resolution (which needs 75% of the votes validly cast at the meeting to be in favour if the resolution is to be passed) any resolution required by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution.

The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Handbook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or an associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions.

In the case of joint Shareholders, the vote of the senior who votes, whether in person or by proxy, must be accepted to the exclusion of the votes of the other joint Shareholders. For this purpose, seniority must be determined by the order in which the names stand in the Register.

Where all the Shares in a 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.

“Shareholders” in this context means Shareholders on the date seven days before the notice of the relevant meeting was sent out but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

#### **8.4 Fund and Class Meetings**

The above provisions, unless the context otherwise requires, apply to Fund meetings and Class meetings as they apply to general meetings of Shareholders but by reference to Shares of the Fund or Class concerned and the Shareholders and prices of such Shares.

#### **8.5 Variation of Class rights**

The rights attached to a Fund or Class may not be varied without the sanction of a resolution passed at a meeting of Shareholders of that Fund or Class by a fifty percent majority of those votes validly cast for and against such resolution.



## **8.6 Annual General Meeting**

The Company has dispensed with the need to hold Annual General Meetings.

Shareholders may inspect or request a copy of the ACD Agreement at the registered office of the Company Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. The ACD will send copies of the ACD Agreement to Shareholders within ten days or receipt of their request.

## 9. Termination

### Winding up of the Company or a Fund of the Company

The Company shall not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under Chapter 7.3 of the COLL Sourcebook. A Fund may only be wound up under the COLL Sourcebook.

Where the Company or a Fund are to be wound up under the COLL Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company) either that the Company will be able to meet its liabilities within 12 months of the date of the statement or that the Company will be unable to do so. The Company may not be wound up under the COLL Sourcebook if there is a vacancy in the position of the ACD at the relevant time.

The Company may be wound up or a Fund must be terminated under the COLL Sourcebook if:

if an extraordinary resolution to that effect is passed by Shareholders; or

when the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or the event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular 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 Fund) the Net Asset Value of the Fund is less than £1,000,000, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or

on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Fund.

On the occurrence of any of the above:

(a) COLL 5 (Investment and borrowing powers) and COLL 6 (Single pricing and dealing) will cease to apply to the Company or the relevant Fund;

(b) The Company will cease to issue and cancel Shares in the Company or the relevant Fund and the ACD shall cease to sell or redeem Shares or to arrange for the Company to issue or cancel them for the Company or the relevant Fund;

(c) No transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;

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;

The corporate status and powers of the Company and, subject to the preceding provisions of (a) to (d) above, the powers of the ACD shall remain until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or the Fund fails to be wound up, 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, provided that there are sufficient liquid funds available, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property of the Company or the Fund. If the ACD has not previously notified shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to Shareholders. When the ACD has caused all the Scheme Property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders 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 Fund.

As soon as is reasonably practicable after the completion of the winding up of the Company or the termination of the particular Fund, the ACD shall notify the FCA the winding up has been completed.

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

Following the completion of a winding up of either the Company or a Fund, the ACD must prepare a final account showing how the winding up 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 within two months of the completion of the winding up or termination.

## **10. Taxation**

The following summary is only intended as a general summary of United Kingdom (“UK”) tax law and HM Revenue & Customs practice, as at the date of this Prospectus, applicable to the Sub-fund and to individual and corporate investors who are the absolute beneficial owners of a holding in the Sub-fund which is held as an investment. The summary’s applicability to, and the tax treatment of, investors will depend upon the particular circumstances of each investor (and it will not apply to persons, such as certain institutional investors, who are subject to a special tax regime). It should not be treated as legal or tax advice. Accordingly, if investors are in any doubt as to their taxation position, they should consult their professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.

The following is divided into sections relating to “Bond Sub-Fund” and “Equity Sub-Fund”. A “Bond Sub-Fund” is a Sub-Fund which invests more than 60% of its market value in “Qualifying Investments” (at all times in each accounting period). The term “Qualifying Investments” includes money placed at interest and securities that are not shares, including but not limited to government and corporate debt securities and cash on deposit. The tax issues relating to the Sub-fund and the investors within it are treated separately in this section. It is anticipated that the Sub-fund will for most periods be an Equity Sub-Fund for these purposes, but that depending on how it is invested it may constitute a Bond Sub-Fund for some periods.

### **Taxation of an Equity Sub-Fund**

#### **Tax on capital gains**

An Equity Sub-Fund is not subject to UK taxation on capital gains arising on the disposal of its investments. In the unlikely event that the Sub-fund be considered to be trading in securities under tax law, and to the extent an investment is disposed in a non-distributor/reporting fund, any gains made will be treated as taxable income and not exempt gains.

#### **Tax on income**

An Equity Sub-Fund will be liable to corporation tax at a rate equal to the lower rate of income tax, currently 20%, on its income after relief for expenses (which include fees payable to the ACD and to the Depositary). Dividends and similar income distributions from UK and non-UK resident companies are generally exempt from corporation tax. Dividends and similar income distributions from UK authorised unit trusts and UK ICVCs are also generally exempt from corporation tax to the extent the underlying income derives from dividends.

Foreign dividends and similar income are generally treated as exempt for the purposes of UK corporation tax. This income may be subject to withholding tax in certain jurisdictions.

Dividend income received from certain countries are likely to be elected to be treated as taxable income in the UK in order to obtain a beneficial rate of withholding tax in the source country.

Profits from loan relationships are treated as taxable income, as for a Bond Sub-Fund.

### **Taxation of a Bond Sub-Fund**

#### **Taxation of Capital Gains**

Bonds or loan relationships held are taxable as income (see below) and are not subject to capital gains tax. Capital gains, for example on investment in equities, (except insofar as treated as income gains - see below) accruing to a Bond Sub-Fund will be exempt from UK tax on chargeable gains.

#### **Tax on Income**

A Bond Sub-Fund will be liable to UK corporation tax at 20% on income, translated (where appropriate) into Sterling, from investments in debt, debt-related securities and cash deposits less deductible expenses. Such income will be computed according to the generally accepted accounting practice relevant to the Sub-fund.

The total will be taxed under the Loan Relationship rules. Any income received from UK equities will be exempt from UK corporation tax.

A Bond Sub-Fund would generally be entitled to make up distribution accounts in such a way that the income distribution (including accumulations of income, which are deemed to be paid and reinvested as capital) to Shareholders is treated as if it were interest for UK tax purposes. If so entitled, the Sub-fund intends that distributions will be made in this way.

The treatment of distributions as interest distributions for UK tax purposes is significant because:

distributions made should be deductible for corporation tax purposes against UK taxable income.

The income, less interest distributions, expenses (including the ACD and Depositary's fees) and any non-UK withholding taxes, is subject to UK corporation

tax at a rate equal to the basic rate of income tax (currently 20%). Any corporation tax charge should not be significant.

Capital gains (except insofar as treated as accrued income gains - see above) accruing to a Bond Sub-Fund will be exempt from UK tax on chargeable gains.

### **Stamp Duty Reserve Tax**

On 30 March 2014, Schedule 19 Stamp Duty Reserve Tax (SDRT) ceased to be chargeable on dealings in shares in open-ended investment companies. As such, the provisions relating to SDRT no longer apply. However, investors should note that should SDRT or a similar tax relating to dealings on shares in open-ended investment companies be reintroduced in the future, all such costs will be paid out of the Company's Scheme Property and charged to capital. However it should be noted that in the unlikely event of either of the below occurring within the Company, SDRT may still be triggered and where applicable be charged to the investor.

- (a) Third party transfer of shares
- (b) Non-pro rata in specie redemptions.

### **Automatic Exchange of Financial Account Information**

#### **US Foreign Account Tax Compliance Act**

The US Foreign Account Tax Compliance Act (**FATCA**) is designed to help the Internal Revenue Service (the **IRS**) combat US tax evasion. It requires financial institutions, such as the Fund (or the Sub-Fund(s)), to report on US investors or US holdings, whether or not this is relevant. Failure to comply (or be deemed compliant) with these requirements will subject the Fund (or a Sub-Fund) to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the Fund (or each Sub-Fund) may be deemed compliant, and therefore not subject to the withholding tax, if it identifies and reports US taxpayer information directly to HMRC.

Shareholders may be asked to provide additional information to the ACD to enable the (or each Sub-Fund) to satisfy these obligations. Institutional Shareholders may be required to provide a Global Intermediary Identifications Number (**GIIN**). Failure to provide requested information may subject a Shareholder to liability for any resulting US withholding taxes, US tax information reporting and/or mandatory redemption, transfer or other termination of the Shareholder's interest in its units. The Global Intermediary Identification Number for each Sub-Fund is available on request.

## **Common Reporting Standard**

The Common Reporting Standard (**CRS**) is the reporting standard approved and developed by the Organisation of Economic Co-operation and Development (OECD) in 2014, and came into force with effect from 1<sup>st</sup> January 2016. This requires financial institutions such as the Fund t (or the Sub-Fund(s)), to report non-UK resident investors, other than US Persons, to other agreed jurisdictions on an annual basis. The objective of this reporting is the same as the FATCA regulations but on a worldwide basis and is based on **Residency** rather than citizenship as with the US model, and will encompass natural persons and legal entities.

THE ABOVE IS ONLY A SUMMARY OF THE RELEVANT TAX POSITION AND IS NOT EXHAUSTIVE. IT ASSUMES AN INDIVIDUAL (i.e. NON-CORPORATE SHAREHOLDING) AND DOES NOT TAKE ACCOUNT OF INDIVIDUAL CIRCUMSTANCES. INDIVIDUALS MUST CONSULT THEIR OWN TAX ADVISERS IN CASE OF DOUBT.

## **11. General Information**

### **Documents of the Company**

Copies of the Instrument of Incorporation (as amended), the Prospectus and the most recent annual and half-yearly reports and the material contracts referred to below are kept and may be inspected during normal office hours at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP free of charge.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of the material contracts referred to below.

### **Notices**

Any notice or document will be sent by post to the Shareholders registered address. All documents and remittances are sent at the risk of the Shareholder.

### **Complaints**

If you wish to make a complaint about the operation of the Company you should contact the ACD at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP or, if you are not satisfied with the response, direct to the Financial Ombudsman Service at Exchange Tower, Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567.

Making a complaint will not prejudice your rights to commence legal proceedings.

Further information regarding any compensation scheme or any other investor-compensation scheme of which the ACD or any Sub-fund is a member (including, if

relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

### **Compensation**

Under the Financial Services Compensation Scheme (FSCS), in the event of firm default your investment is protected up to the value of £85,000 per person per firm.

### **Telephone Recording**

Please note that the ACD may record telephone calls for training and monitoring purposes and to confirm investors' instructions. 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.

### **Best Execution**

The ACD must act in the best interests of each Sub-fund when executing decisions to deal on behalf of the relevant Sub-fund. The ACD's order execution policy sets out the (i) systems and controls that have been put in place and (ii) the factors which the ACD expects the Investment Manager to consider when effecting transactions and placing orders in relation to the Sub-funds. This policy has been developed in accordance with the ACD's obligations under the Regulations to obtain the best possible result for the Company.

Details of the order execution policy are available from the ACD on request. If you have any questions regarding the policy please contact the ACD or your professional adviser.

### **Inducements and Soft Commission**

When executing orders, or placing orders with other entities for execution, that relate to financial instruments for, or on behalf of, the Sub-funds, an Investment Manager or the ACD (as relevant) will not accept and retain any fees, commissions or monetary benefits; or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of a third party.

The Investment Manager or ACD will return to each relevant Sub-fund as soon as reasonably possible after receipt any fees, commissions or any monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the services provided to that Sub-fund, and disclose in the annual report the fees, commissions or any monetary benefits transferred to them.



However, the Investment Manager or ACD may accept without disclosure minor non-monetary benefits that are capable of enhancing the quality of service provided to the Sub-fund; and of a scale and nature such that they could not be judged to impair their compliance with its duty to act honestly, fairly and professionally in the best interests of each Sub-fund.

### **Genuine Diversity of Ownership (GDO)**

Shares in, and information on, the Sub-funds are and will continue to be marketed and made easily and widely available to reach the intended categories of investors and in a manner appropriate to attract those categories of investors. The intended categories of investors are retail and institutional investors.

### **Material Contracts**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and are, or may be, material:

the ACD Agreement, dated 23 July 2009, between the Company and the ACD; and

the Depositary Agreement, dated 27 October 1999, between the Company and the Depositary.

Details of the above contracts are given under the heading “The Service Providers” in part 3.

### **Changes to the Company**

Where any changes are proposed to be made to the Company or a Fund the ACD will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. If the change is regarded as fundamental, Shareholder approval will be required. If the change is regarded as significant, not less than 60 days’ prior written notice will be given to Shareholders. If the change is regarded as notifiable, Shareholders will receive suitable notice of the change.

## **12. Risk Warnings**

The list of risk factors set out below does not purport to be a complete explanation of the risks involved in investing in Shares. Before making any decision to subscribe for or buy Shares, prospective investors should carefully read the entire Prospectus, including the relevant section of “Appendix I - Fund Details”, and consult with their professional advisers regarding the tax and other consequences of an investment in the Shares in light of their personal circumstances.

As any Fund may invest some or all of its assets in other collective investment schemes (the “Underlying Funds”), the investment risk identified in this section 11 will apply whether a Fund invests directly or indirectly through the Underlying Funds, in the assets concerned.

An investment in the Shares involves a degree of risk, including the risk of loss of the entire amount invested, as a result of both (i) the types of investments to be made by a Fund and the Underlying Funds and (ii) the structure and operations of a Fund and the Underlying Funds. There can be no assurance that any of the Funds will achieve their respective investment objective or that there will be any return of capital to Shareholders. Before investing in the Shares, prospective investors should carefully consider the inherent risks, including the following:

## **12.1 General risks of investment in the Company**

### **12.1.1 Effect of Preliminary Charge and Redemption Charge**

Where a preliminary charge and/or a redemption charge is imposed, an investor who realises his Shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. Therefore, the Shares should be viewed as a medium to long term investment.

### **12.1.2 Suspension of Dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see “Suspension of Dealings in the Company” in section 5.3.12).

### **12.1.3 Liabilities of the Company and the Funds**

Under the OEIC Regulations, each Fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between 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 yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance. Shareholders are not, however, liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the Shares.

### **12.1.4 Limited Liquidity and Restrictions on Redemptions and Transfers of Shares**

To date, there is no market for the Shares and no secondary market is expected to develop to provide Shareholders with liquidity of investment except through

redemption. The Fund does not intend to apply for the listing of certain Classes of Shares on a stock exchange. The Shareholders' ability to redeem their Shares may also be limited by the Fund's decision to suspend dealings in Shares (see "Suspension of Dealings in the Company" in section 5.3.12), or to defer large redemptions requests (see "Deferred Redemptions" in section 5.3.13). In addition, the ACD may from time to time impose additional restrictions on the transfer of Shares in the circumstances described in sections 5.3.10 "Restrictions and Compulsory Transfer and Redemption" and 5.3.11 "Transfers"). Such restrictions on the transferability of Shares may further limit their liquidity.

#### 12.1.5 Effects of Redemptions

Large redemptions of Shares within a limited period of time could require the applicable Fund to liquidate positions more rapidly than would otherwise be desirable, adversely affecting the value of both the Shares being redeemed and the outstanding Shares. In addition, regardless of the period of time over which redemptions occur, the resulting reduction in a Fund's net asset value could make it more difficult for the ACD or Fund's Investment Manager to generate profits or recover losses. Redemption proceeds paid by a Fund to a redeeming Shareholder may be less than the net asset value of such Shares at the time a redemption request is made due to fluctuations in the net asset value between the date of the request and the applicable Valuation Point.

#### 12.1.6 Leverage Risk

Leverage is where a Sub-fund borrows money in order to meet redemption requests or, through the use of derivatives, for the purpose of buying or selling assets. Where assets are bought or sold using borrowed money this increases the risk that in the case of losses that these are compounded and as a result have a material negative impact on the value of the Sub-fund.

#### 12.1.7 Institutional Risk

All assets of each Fund will be held under the custody or supervision of the Custodian. The Custodian is authorised to use correspondent banks and nominees, which may include affiliates of the Investment Manager. The institutions, including brokerage firms and banks, with which a Fund (directly or indirectly) does business, or to which portfolio securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the applicable Fund. Each Fund intends to limit its securities transactions to well-capitalised and established banks and brokerage firms in an effort to mitigate such risks.

#### 12.1.8 Legal Restrictions on Investments by the Funds

Each Fund is subject to regulations in the United Kingdom and its direct and indirect portfolio investments may be subject to regulations (including tax and exchange control regulations) in other countries. A Fund may also be subject to regulations in countries where its Shares may be registered for distribution. In addition, as affiliates of a U.S. bank holding company, the Company and its Investment Manager may be subject to certain United States federal banking laws and regulations. In view of the legal requirements applicable to the Company and the Investment Manager, the Company and each of its Funds (and their Subsidiaries, if any) may at times need to limit, for other than investment reasons, the amount of assets invested in a particular financial instrument or issuer. The Investment Manager may be subject to other regulatory or legal requirements limiting the Company's or a particular Fund's ability to invest in certain assets. Such actions may affect the performance of the Funds. In addition, possible changes to the laws and regulations governing permissible activities of the Company, the Investment Manager and its affiliates could restrict or prevent the Company or the Investment Manager from continuing to pursue a Fund's investment objectives or operate in the manner currently contemplated. In addition, the Underlying Funds may be subject to similar restrictions.

#### 12.1.9 Derivatives

The Funds may use, under certain conditions, options and futures on indices and interest rates, for the purposes of Efficient Portfolio Management. The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Funds. Also, the Funds may hedge market and currency risks using futures, options and forward exchange contracts. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling (writing) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or acquire or deliver the underlying interest. If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future on another option, the risk may be reduced.

There is no guarantee that the Funds will achieve the objective for which it entered into a transaction in relation to Efficient Portfolio Management. This may result in losses for investors.

12.1.10 The Funds will be subject to the risk of the inability of any counterparty to perform its obligations. If a counterparty defaults the Sub-fund may suffer losses as a result. Possible Adverse Tax Consequences

No assurance may be given that the manner in which the Company or any of its Funds will be managed and operated, or that the composition of its direct and indirect portfolio investments, will not result in possible adverse tax consequences for any particular Shareholder or group of Shareholders. The Company does not intend to provide the Shareholders with information regarding the percentage ownership of the relevant Fund's Shares held by residents of any country. The Company's books and records could be audited by the tax authorities of countries where the Company will be managed and operated, or where a portion of its direct and indirect portfolio investments are made, or where a particular Shareholder or group of Shareholders reside. Any such audits could subject the Company to tax, interest and penalties, as well as incremental accounting and legal expenses. Should the Company be required to incur additional taxes or expenses as a result of the capital contributions made by any Shareholder, or become subject to any record-keeping or reporting obligations as a result of permitting any person to remain or be admitted as a Shareholder of a Fund, the Company will, if the amounts so justify, attempt to seek reimbursement of the costs of such taxes, expenses or obligations from such person. Potential investors should note that the tax treatment of the Company and of their interest in the Company may change due to changes in applicable tax legislation or regulation.

12.1.11 Future Returns

No assurance can be given that the strategies employed by the Investment Manager in the past to achieve attractive returns will continue to be successful or that the return on a Fund's investments will be similar to that achieved by the Investment Manager in the past.

## 12.2 Risks Related to investment in a Fund of Funds

Prospective investors subscribing for Shares in any Fund that invests in shares or units of Underlying Funds should be aware of the specific features of a fund of funds and the consequences of investing in Underlying Funds.

12.2.1 Availability of Underlying Funds

Although the Investment Manager are well informed of the range and the quality of Underlying Funds available in the market, no guarantee can be provided that appropriate Underlying Funds will continue to be available for investment by a Fund.

12.2.2 Dependence on the Investment Managers of the Underlying Funds

All investment decisions with respect to the assets of the Underlying Funds will be made by the investment managers of the Underlying Funds and neither the Company, any Fund nor the Investment Manager will have any ability to take part in the management or investment operations of the Underlying Funds. As a result, the success of the Underlying Funds will depend largely upon the abilities of the investment managers of the Underlying Funds and their respective personnel, and there can be no assurance that such investment managers or their personnel will remain willing or able to provide advice to, and invest on behalf of, the Underlying Funds or that their investment will be profitable in the future.

#### 12.2.3 Duplication of Costs, Fees and Expenses

[Each Fund will be allocated costs and fees of its own management, administration and other services. In addition, a Fund investing in an Underlying Fund will bear similar costs in its capacity as an investor in that Underlying Fund including, without limitation, any subscription fees. However, there will be no duplication of subscription fees and advisory charges (with the exception of performance fees) in relation to investments in the Underlying Funds in relation to which a company of [JPMorgan Chase & Co.] acts as investment manager or management company. Accordingly, the prospective investors should note that the aggregate fees and costs are likely to exceed the fees and costs that would typically be incurred in respect of an investment that is not a fund of funds.]

#### 12.2.4 Reliance on Third Party Custodians and Other Service Providers

Neither a Fund nor the Investment Manager will generally have any rights to recommend, appoint or dismiss the administrators, custodians or other service providers of the Underlying Funds. There is a possibility that such administrators, custodians or other service providers may encounter financial difficulties or enter into bankruptcy, insolvency, dissolution proceedings or liquidation, which may adversely affect a Fund's portfolio. In particular, this may lead to adverse consequences in the case of a custodian in such position or proceedings holding any cash for or on behalf of a Fund.

#### 12.2.5 Tax Consequences

Prospective investors should note that there may be additional taxes, charges or levies applied in respect of a Fund's investment in the Underlying Funds depending on the location of the assets of the Underlying Funds and the jurisdiction in which the Underlying Funds are located, registered or operated. Investors should also note that the Investment Manager's and the Company's ability to provide tax information and audited accounts in respect of the relevant Fund to the Shareholders is dependent on the relevant tax and other information being provided to the Company in timely fashion by the Underlying Fund. Accordingly, delays may occur in respect of delivery of such information to the Shareholders.

### 12.3 Market-related Risks

#### 12.3.1 General Economic Conditions

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market

conditions, including unexpected volatility or illiquidity in the market in which a Fund directly or indirectly holds positions, could impair that Fund's ability to achieve its objectives and/or cause it to incur losses.

### 12.3.2 Market Risks

The success of a significant portion of the each Fund's investment program will depend, to a great extent, upon correctly assessing the future course of the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that the Investment Manager will be able to predict accurately these price movements.

### 12.3.3 Investing in Equity Securities

Investing in equity securities may offer a higher rate of return than those in short term and longer term debt securities. However, the risks associated with investments in equity securities may also be higher, because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might decrease in value. Equity security values may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions. Historically, equity securities have provided greater long-term returns and have entailed greater short-term risks than other investment choices.

### 12.3.4 Investing in Fixed Income Securities

Even though interest-bearing securities are investments which promise a defined stream of income, the prices of such securities generally are inversely correlated to changes in interest rates and, therefore, are subject to the risk of market price fluctuations. The values of fixed-income securities also may be affected by changes in the credit rating, liquidity or financial condition of the issuer. Certain securities that may be purchased by the Company may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Fund's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities traded in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

### Investment Grade Bonds

Certain Funds may invest in investment grade bonds. Investment grade bonds are assigned ratings within the top rating categories by rating agencies (Fitch, Moody's and/or Standard & Poor's) on the basis of the creditworthiness or risk of default of a bond issue. Rating agencies review, from time to time, such assigned ratings and

bonds may therefore be downgraded in rating if economic circumstances impact the relevant bond issues.

#### 12.3.6 High Yield Bonds

Investment in fixed income securities is subject to interest rate, sector, security and credit risks. Compared to investment grade bonds, high yield bonds are normally lower-rated securities and will usually offer higher yields to compensate for the reduced creditworthiness or increased risk of default that these securities carry.

#### 12.3.7 Emerging and Less Developed Markets

In emerging and less developed markets, in which some of the Funds will invest, the legal, judicial and regulatory infrastructure is still developing but there is much legal uncertainty both for local market participants and their overseas counterparts. Some markets may carry higher risks for investors who should therefore ensure that, before investing, they understand the risks involved and are satisfied that an investment is suitable as part of their portfolio. Investments in emerging and less developed markets should be made only by sophisticated investors or professionals who have independent knowledge of the relevant markets, are able to consider and weigh the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments.

Countries with emerging and less developed markets include, but are not limited to (1) countries that have an emerging stock market in a developing economy as defined by the International Finance Corporation, (2) countries that have low or middle income economies according to the World Bank, and (3) countries listed in World Bank publication as developing. The list of emerging and less developed markets is subject to continuous change; broadly they include any country or region other than the United States of America, Canada, Japan, Australia, New Zealand and Western Europe.

#### 12.3.8 Risks in Transactions in Currencies

In general, foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly (see "Risks of Government Intervention"). Variance in the degree of volatility of the market from the expectations of the Investment Manager or the Underlying Funds' investment managers may produce significant losses to a Fund, particularly in the case of transactions entered into pursuant to non-directional strategies.

#### 12.3.9 Lack of Liquidity in Markets

Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and instruments have limited liquidity and depth. This limited liquidity and lack of depth could be a disadvantage to the Funds, both



in the realisation of the prices which are quoted and in the execution of orders at desired prices.

### 12.3.10 Risk of Government Intervention

Interest rates and trading in financial instruments based on currencies or interest rates are subject to certain risks arising from government regulation of or intervention in the currency and interest rate markets through regulation of the local exchange market restrictions on foreign investments by residents, limits on inflows of funds or changes in the general level of interest rates. Such regulation or intervention could adversely affect a Fund's performance.

Risk factors based on the objective of the sub-fund is shown below:

Risk Factors	Innovation Fund
Transferable securities (this may include but is not limited to shares and bonds issued by governments and other organisations)	x
Collective Investment Schemes	x
Money market instruments and deposits	x

## Appendix I: Fund Details

### Investment Objective, Policy and Other Details of the Company

#### Ongoing Charges Figure (OCF)

The OCF provides investors with a clearer picture of the total annual costs in running a collective investment scheme and is based on the previous year's expenses. The figure may vary from year to year and it excludes the costs of buying or selling assets for the Sub-Fund (but includes transaction charges incurred by investing in any other collective investment schemes). Where there is not enough historic data available, or when historic data will not provide a reliable indication of future costs, an estimated OCF will be calculated based on the most reliable information available (OCF (Estimated)). The OCF is displayed in the Key Investor Information Document (KIID). A copy of the KIID for each Sub-Fund listed below can be provided free of charge on request.

Name:	Innovation Fund
Product Reference Number:	645422
ISIN:	Class B 2000 Innovation GB0002588324 Class B 2001 Innovation GB0031249633
SEDOL:	Class B 2000 Innovation 0258832 Class B 2001 Innovation 3124963
Type of Fund:	UK UCITS Scheme which complies with COLL 5.
Investment objective and policy:	To provide an actively managed approach to asset class, market and stock selection, predominately for long term capital investment, but not to the exclusion of income. This may be achieved either through direct investment in transferable securities or through units in collective investment schemes.  The Fund may also invest in money market instruments, deposits and cash. The Fund may use derivatives for the purposes of efficient portfolio management.

**Benchmark** Shareholders may compare the performance of the Fund against the IA Global sector.

Comparison of the Fund's performance against this benchmark will give Shareholders an indication of how the Fund is performing against other similar funds in this peer group sector. The ACD has selected this comparator benchmark as the ACD believes it best reflects the asset allocation of the Fund.

The benchmark is not a target for the Fund, nor is the Fund constrained by the benchmark.

Annual accounting reference date:	31 March
Interim accounting reference date(s):	30 September
Income allocation date(s):	30 June, 30 November

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**Share Class:** Class B 2000 Innovation  
Class B 2001 Innovation

Additional characteristics of Class B are as follows. A new Class of B shares may be created upon receipt of a subscription request in any year, on or after 6th April. Each Class of B shares will be identified by the year of its commencement starting 6th April. When a new Class of B shares is created it shall have in all respects other than its duration, the same characteristics as the preceding Class of B shares.

<b>Type of Shares:</b>	Net income
<b>Preliminary charge:</b>	Current: 3%
<b>Redemption charge:</b>	Current: 0%

Charge for investment research:	None
Annual fee of ACD:	Current: 0.833%
Investment minima:	Lump Sum £100,000 Holding £50,000 Top-up £10,000 Redemptions £10,000
Valuation Point:	5.00pm on each Dealing Day.
Dealing cut off point:	4.59pm on each Dealing Day.
Dealing Day:	Tuesday (or the following working day unless the ACD otherwise decides, if a bank holiday in England and Wales falls on a Tuesday), the last working day of each month and other days at the ACD's discretion.
Publication Day:	NAV will be available and published the next working day following the Dealing day.
Initial offer price of each new Share Class:	£10 per share.
Charges taken from Income or Capital?	All charges other than those related directly to the purchase and sale of investments are taken from income  If at the end of an accounting period there is insufficient income the shortfall may be allocated to capital.
Investor Profile:	The Fund is marketable to all retail investors.  This Fund, which is equity biased, may be suitable for investors that are looking for capital growth through predominantly equity exposure and are prepared to accept the higher risk of this exposure. Investors in this Fund should have at least a three to five year investment horizon.

Historic Performance: See Appendix III.

As this figure was previously charged under clause 5.3 (b) of this prospectus, no additional charge has been applied. This is a maximum figure. If the actual administration expenses are below the stated maximum percentage, only the actual expenses will be charged.

## Appendix II: Eligible Securities and Derivatives Markets

An **Approved Security** is a transferable security which is:

- (a) admitted to the official listing in the UK or an EEA State; or
- (b) is traded on or under the rules of an Eligible Securities Market (otherwise than by specific permission of the market authority).

An **Eligible Securities Market** is:

- (a) a regulated market (as defined in the glossary to the FCA Handbook of Rules and Guidance); or
- (b) a securities market established in the UK or an EEA State which is regulated, operates regularly and is open to the public; or
- (c) one of the securities markets listed below.

New Eligible Securities Markets for a Fund may be added to the existing list only in accordance with the Regulations.

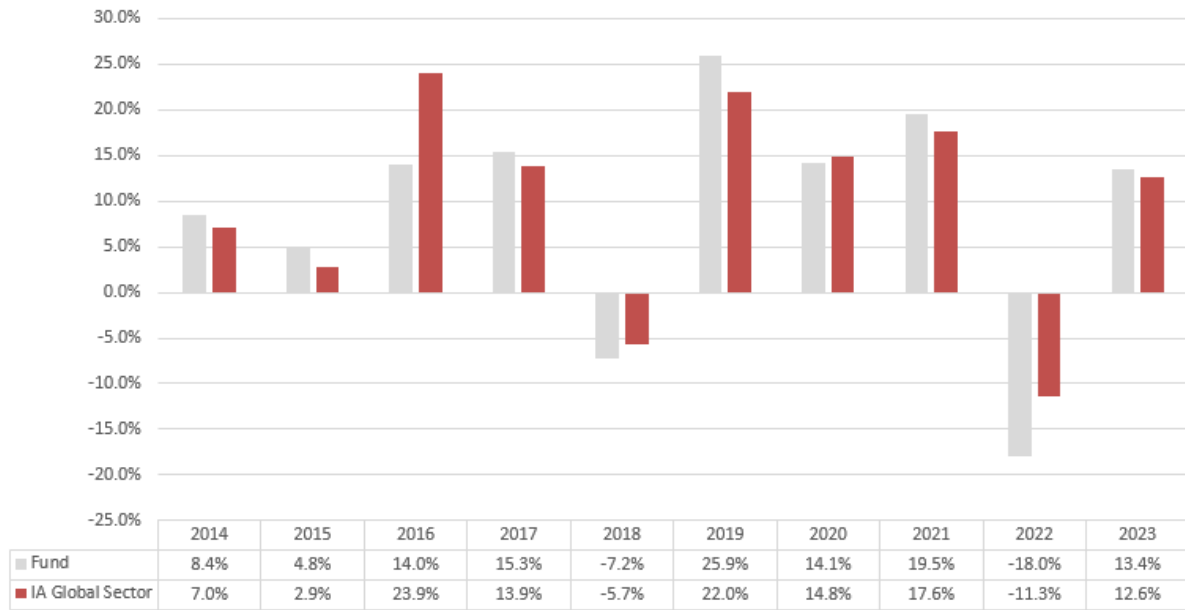
### Eligible Securities Markets and Eligible Derivatives Markets

The Company may deal through securities markets established in the UK or an EEA State on which transferable securities admitted to official listing in these states are dealt in or traded. In addition, up to 10% in value of the Company may be invested in transferable securities which are not approved securities. Markets deemed eligible out with the UK or an EEA State are stated below.

Name Listed on Prospectus	Country
Australian Securities Exchange	Australia
Bermuda Stock Exchange	Bermuda
Toronto Stock Exchange	Canada
TSX Venture Exchange	Canada
Shanghai Stock Exchange	China
Shenzhen Stock Exchange	China
Hong Kong Exchanges and Clearing Company	Hong Kong
BSE Limited	India
Indonesia Stock Exchange	Indonesia
Tel Aviv Stock Exchange	Israel

Osaka Securities Exchange	Japan
Tokyo Stock Exchange	Japan
Korea Exchange	Korea, Republic of
Bursa Malaysia	Malaysia
New Zealand Exchange Ltd	New Zealand
Lima Stock Exchange (Bolsa de Valores de Lima)	Peru
Philippine Stock Exchange	Philippines
Singapore Exchange	Singapore
JSE Limited	South Africa
SIX Swiss Exchange	Switzerland
Taiwan Stock Exchange	Taiwan
Stock Exchange of Thailand	Thailand
Borsa Istanbul	Turkey
NASDAQ	United States of America
New York Stock Exchange	United States of America

### APPENDIX III: INNOVATION FUND ICVC PERFORMANCE HISTORY



Source: Fund - FE fundinfo 2024  
Benchmark - Morningstar

\* Mid to Mid, net income reinvested, net of charges and tax. Performance does not include the effect of any initial or redemption charges.

\*You should remember that past performance is not necessarily a guide to future returns



#### **Appendix IV: Typical Investor Profile(s)**

Below is an indication of the target market of the Sub-funds as required under MiFID II regulations. This is fully detailed in the EMT which should be made available to you before making an investment. If you do not believe you fit the target market of this Sub-fund please seek advice from your professional adviser.

This Sub-Fund is suitable for all investor types of all levels of knowledge and experience coming into the fund from all available distribution channels.

Investors should be seeking no capital guarantee and be able to bear losses up to their full investment.

The Sub-Fund seeks to increase capital and grow income over a long time period.

Please refer to the latest EMT or KIID for the Synthetic Risk Reward Indicator (SRRI).

## Appendix V: Directors of the ACD

### Name of Director

Nicola Palios, Non-Executive Chair

Neil Coxhead, Chief Executive Officer

Stephen Mugford, Finance Director

Jenny Shanley, Director Fund Administration

Carol Lawson, Independent Non-Executive Director

Caroline Willson, Independent Non-Executive Director

Sally Macdonald, Independent Non-Executive Director

Linda Robinson, Independent Non-Executive Director

Stephen Mugford and Nicola Palios are also directors of Thesis Unit Trust Management Limited and ConBrio Fund Partners Limited, as well as members of the governing body of TUTMAN LLP, both authorised fund managers within the same group as the . Stephen Mugford and Nicola Palios perform senior management functions within Thesis Unit Trust Management Limited and ConBrio Fund Partners Limited. Stephen Mugford and Nicola Palios also hold directorships of other companies within the Thesis group and perform senior management functions within Thesis Asset Management Limited.

Caroline Willson, Carol Lawson, Sally Macdonald and Linda Robinson also hold non-executive directorships of Thesis Unit Trust Management Limited. Neil Coxhead and Jenny Shanley are not engaged in other business activities that are of significance to the Company.

**APPENDIX VI: List of Authorised Funds that Tutman Fund Solutions Limited acts as authorised fund manager or authorised corporate director for-**

Authorised Unit Trusts	Investment Companies with Variable Capital
<p>Dragon Trust Eagle Fund Evelyn Witch General Trust Langham Trust Magnum Trust Marathon Trust Orchard Fund Ourax Unit Trust Spenser Fund SVS DW Asia Income &amp; Growth Fund SVS Dowgate Wealth UK New Economies Fund SVS Sanlam European Equity Fund SVS Sanlam Fixed Interest Fund SVS Sanlam North American Equity Fund The Acorn Trust The Alkerton Trust The Barro II Trust The Capital Balanced Fund The Dream Trust The Enterprise Trust The Global Opportunities Fund The Ilex Fund The Jetwave Trust The Lancaster Trust The Millennium Fund The Plain Andrews Unit Trust The Securities Fund Worldwide Growth Trust</p>	<p>Bute Fund Earlstone Fund Evelyn Partners Funds Evelyn Partners Investment Funds ICVC Forest Fund ICVC Ganymede Fund GFS Investments Fund Glairnox Fund Gryphon Investment Funds Hercules Managed Funds Issodola Fund JC Investments Fund Kanthaka Fund Moorgate Funds ICVC New Square Investment Funds Pendennis Fund ICVC Pharaoh Fund Pityoulish Investments Fund Quercus Fund Sardasca Fund Sherwood Fund Smithfield Funds Starhunter Investments Fund Stratford Place Fund Sussex Fund SVS AllianceBernstein UK OEIC SVS Aubrey Capital Management Investment Funds SVS Baker Steel Global Investors OEIC SVS Baker Steel Gold and Precious Metals Fund SVS Brooks Macdonald Fund SVS Brown Shipley Multi Asset Portfolio SVS Cornelian Investment Funds SVS Dowgate Cape Wrath Focus Fund SVS Dowgate Wealth Funds ICVC SVS Heritage Investment Fund SVS Kennox Strategic Value Fund SVS RM Funds ICVC SVS Saltus Onshore Portfolios SVS WAM Investment Funds SVS Zeus Investment Funds ICVC Sylvan Funds Taber Investments Fund The Air Pilot Fund The Aurinko Fund The Blu-Frog Investment Fund The Brighton Rock Fund The Cheviot Fund</p>

	<p>The Daisybelle Fund The Dinky Fund The Dunninger Fund The Folla Fund The Galacum Fund The Global Balanced Strategy Fund The Gloucester Portfolio The Headspring Fund The Headway Fund The Jake Fund The Jay Fund The Kingfisher Fund The Loch Moy Fund The Magpie Fund The MF Fund The Milne Fund The Nectar Fund The Norton Fund The Princedale Fund The Rosslyn Fund The SBB Fund The Staffordshire Portfolio The Stellar Fund The SVS Levitas Funds The Touchstone Investment Fund The Tully Fund The Westhill Investment Fund TS Campana Fund Vagabond Investment Fund White Oak Fund</p>
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## Appendix VII

### Directory

#### The Company and Head Office

Moorgate Fund ICVC  
Exchange Building  
St John's Street  
Chichester  
West Sussex  
PO19 1UP  
**ACD, Administrator and Registrar**

Registered Office:  
Tutman Fund Solutions Limited  
Exchange Building  
St John's Street  
Chichester  
West Sussex  
PO19 1UP

Correspondence Address:  
Transfer Agency Team:  
177 Bothwell Street  
Glasgow  
G2 7ER

Telephone Numbers:  
For Dealing - 0141 483 9700  
For Prices, Registration and Other Enquiries - 0141 483 9701  
Email - TADealing@tutman.co.uk

#### The Investment Manager

Goldman Sachs International  
Plumtree Court  
25 Shoe Lane  
London  
EC4A 4AU

Quilter Cheviot Limited  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4AB

#### The Depositary

Registered Office:  
NatWest Trustee & Depositary Services Limited  
250 Bishopsgate  
London,  
EC2M 4AA

Principal Place of Business:  
NatWest Trustee & Depositary Services Limited,  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh  
EH12 1HQ

**Auditors**  
Johnston Carmichael LLP  
Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL