

**IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.**

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 Collective Investment Schemes Sourcebook to be included in it. Tutman Fund Solutions Limited accepts responsibility accordingly.

**PROSPECTUS**

**OF**

**PENDENNIS FUND ICVC**

**(An open-ended investment company  
incorporated with limited liability and  
registered in England and Wales  
under registered number IC000130)**

**(A UK UCITS Scheme with FCA Product Reference Number: 195428)**

This document constitutes the Prospectus for Pendennis Fund ICVC which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at 18 July 2025.

Copies of this Prospectus have been sent to the Financial Conduct Authority and the Depositary.

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## **Important Information**

No person has been authorised by the Company or the ACD to give any information or to make any representations in connection with the offering of Shares other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been made by the Company or the ACD. 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.

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 Fund. Investors should only consider investing in the Fund if they understand the risks involved including the risk of losing all capital invested.

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.

The Shares have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US persons. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation.

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 the Shareholders and a copy of the Instrument of Incorporation is available on request from Tutman Fund Solutions Limited.

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

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail. All communications in relation to this Prospectus shall be in English.

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

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

1. **DEFINITIONS**

<b>“ACD”</b>	Tutman Fund Solutions Limited, the authorised corporate director of the Company
<b>“ACD Agreement”</b>	An agreement between the Company and the ACD
<b>“Approved Bank”</b>	(in relation to a bank account opened by the Company):  (a) if the account is opened at a branch in the United Kingdom:  (i) the Bank of England; or  (ii) the central bank of a member state of the OECD; or  (iii) a bank; or  (iv) a building society; or  (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or  (b) if the account is opened elsewhere:  (i) a bank in (a); or  (ii) a credit institution established in an EEA State and duly authorised by the relevant Home State Regulator; or  (iii) a bank which is regulated in the Isle of Man or the Channel Islands; or  (iv) a bank supervised by the South African Reserve Bank

<b>“Associate”</b>	Any other person whose business or domestic relationship with a party or that party’s associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties
<b>“Auditor”</b>	Johnston Carmichael LLP, or such other entity as is appointed to act as auditor to the Company from time to time
<b>“Business Day”</b>	A day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of the Company’s portfolio of securities or a significant portion thereof, the ACD may decide that any Business Day shall not be construed as such
<b>“Class” or “Classes”</b>	In relation to Shares, means (according to the context) all of the Shares related to the Company or a particular class or classes of Share related to the Company
<b>“COLL”</b>	Refers to the appropriate chapter or rule in the COLL Sourcebook
<b>“the COLL Sourcebook”</b>	The Collective Investment Schemes Sourcebook issued by the FCA as amended
<b>“Company”</b>	Pendennis Fund ICVC
<b>“Client money”</b>	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
<b>“Dealing Day”</b>	Each Friday which is a Business Day and the last Business Day of each month. In the event that a Friday is not a Business Day, such other day as may be agreed between

	the ACD and Depositary
<b>“Depositary”</b>	NatWest Trustee & Depositary Services Limited, or such other entity as is appointed to act as Depositary
<b>“Director” or “Directors”</b>	The directors of the Company from time to time (including the ACD)
<b>“EEA State”</b>	A member state of the European Union and any other state which is within the European Economic Area
<b>“EUWA”</b>	European Union (Withdrawal) Act 2018.
<b>“Efficient Portfolio Management” or “EPM”</b>	For the purposes of this Prospectus, means an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of costs or the generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL
<b>“Eligible Institution”</b>	One of certain eligible institutions as defined in the glossary of definitions to the FCA Handbook
<b>“EMT”</b>	European MiFID Template
<b>“FCA”</b>	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
<b>“FCA Rules”</b>	The FCA’s Handbook of Rules and Guidance (including the COLL Sourcebook)
<b>“FCA Regulations”</b>	The rules contained in the Collective Investment Schemes Sourcebook (COLL) as part of the FCA Rules as they may be

amended or updated from time to time

**“the Financial Services Register”**

The public record, as required by section 347 of the Financial Services and Markets Act 2000 (The public record) of every:

- (a) authorised person
- (b) AUT
- (c) ICVC
- (d) recognised scheme
- (e) recognised investment exchange
- (f) recognised clearing house
- (g) individual to whom a prohibition order relates
- (h) approved person; and
- (i) person within such other class (if any) as the FCA may determine

except as provided by any transitional provisions

**“Home State”**

- (1) (in relation to a credit institution) the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive
- (2) (in relation to an investment firm):
  - (a) where the investment firm is a natural person, the EEA State in which his head office is situated
  - (b) where the investment firm is a legal person, the EEA State in which its registered office is situated or, if under its national law it has no registered office, the EEA State in



which its head office is situated

- (3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated
- (4) (in relation to a market) the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the EEA State in which that body's head office is situated
- (5) (in relation to a Treaty firm) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights)

<b>“ICVC”</b>	Investment company with variable capital
<b>“Instrument of Incorporation”</b>	The instrument of incorporation of the Company as amended from time to time
<b>“Investment Managers”</b>	Sarasin & Partners LLP and W1M Investment Management Limited, the investment managers to the ACD in respect of the Company
<b>“IOSCO”</b>	The International Organisation of Securities Commissions
<b>“KIID”</b>	Key Investor Information Document
<b>“MiFID II”</b>	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.
<b>“Net Asset Value” or “NAV”</b>	The value of the Scheme Property of the Company less the liabilities of the Company

	as calculated in accordance with the Instrument of Incorporation
<b>“OEIC Regulations”</b>	The Open-Ended Investment Companies Regulations 2001 as amended or re-enacted
<b>“OTC Derivative”</b>	Over-the-counter derivative: a derivative transaction which is not traded on an investment exchange
<b>“Register”</b>	the register of Shareholders of the Company
<b>“Registrar”</b>	Tutman Fund Solutions Limited, or such other entity as is appointed to act as Registrar to the Company from time to time
<b>“Regulated Activities Order”</b>	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) as amended
<b>“Regulations”</b>	The OEIC Regulations and the FCA Handbook (including the COLL Sourcebook)
<b>“Scheme Property”</b>	The scheme property of the Company required under the COLL Sourcebook to be given for safekeeping to the Depositary
<b>“SDRT”</b>	Stamp duty reserve tax
<b>“Share” or “Shares”</b>	A share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share)
<b>“Shareholder”</b>	A holder of registered Shares in the Company
<b>“Switch”</b>	The exchange where permissible of Shares of one fund of another fund
<b>“UCITS Directive”</b>	means 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.

**“UK UCITS Scheme”**

In accordance with sections 236A and 237 of the Financial Services and Markets Act 2000, a collective investment scheme which may consist of several sub-funds, which is either an authorised unit trust scheme, an authorised contractual scheme, or an authorised open-ended investment company with the sole object of collective investment of capital raised from the public in transferable securities or other liquid financial assets, operating on the principle of risk-spreading, with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings’ assets, and which has identified itself as a UCITS in its prospectus and has been authorised accordingly by the FCA.

**“Valuation Point”**

The point on a Dealing Day 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 for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point is 17.00 London time on each Dealing Day with the exception of Christmas Eve and New Year’s Eve or a bank holiday in England and Wales or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depositary

**“VAT”**

Value added tax

## 2. DETAILS OF THE COMPANY

### 2.1. General Information

#### 2.1.1. General

Pendennis Fund ICVC (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC130 and authorised by the Financial Conduct Authority with effect from 5 October 2001. The Company has an unlimited duration.

FCA Product Reference Number: 195428

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 Fund as an investment.

Shareholders are not 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 price on purchase of the Shares.

The ACD is also the ACD or Manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix V.

#### 2.1.2. Head Office

The head office of the Company is at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP.

#### 2.1.3. Address for Service

The head office is the address of the place in the UK for service on the Company of notices or other documents required or authorised to be served on it.

#### 2.1.4. Base Currency

The base currency of the Company is Pounds Sterling.

#### 2.1.5. Share Capital

Maximum	£100,000,000,000
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Minimum	£100
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Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Value.

Shares in the Company may be marketed in other Member States and in countries outside the European Union and European Economic Area, subject to the Regulations, and any regulatory constraints in those countries, if the ACD so decides.

Information on the typical investor profile for the Fund is set out in Appendix IV.

The Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of the Company may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Company. For these purposes, the ACD may consider an investor's trading history in the Company or other Tutman Fund Solutions Limited funds and accounts under common ownership or control.

## **2.2. The structure of the Company**

### **2.2.1. The Company**

The Company is a standalone open-ended investment company.

The Company is a UK UCITS scheme within the meaning of the FCA Rules.

Details of the Company including its investment objective and policy are set out in Appendix I.

The eligible securities markets and eligible derivatives markets on which the Company may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions in respect of the Company is set out in Appendix III.

## 2.2.2. Shares

### **Classes of Share within the Company**

Shares will be issued in larger and smaller denominations. There are 1,000 smaller denomination Shares to each larger denomination Share. Smaller denomination Shares represent what, in other terms, might be called fractions of a larger Share and have proportionate rights.

Shares have no par value and, within each Class subject to their denomination, are entitled to participate equally in the profits arising in respect of, and in the proceeds of, the liquidation of the Company. Shares do not carry preferential or pre-emptive rights to acquire further Shares.

Further Classes of Share may be established from time to time by the ACD with the agreement of the Depositary and in accordance with the Instrument of Incorporation and the Regulations. On the introduction of any new Class, either a revised prospectus or a supplemental prospectus will be prepared, setting out the details of each Class.

The base currency for each new Class of Shares will be determined at the date of creation and set out in the Prospectus issued in respect of the new Class of Shares.

The Company may issue income and accumulation Shares. Further details of the Shares presently available, including details of their criteria for subscription and fee structure, are set out in Appendix I.

Holders of income Shares are entitled to be paid the distributable income attributed to such Shares on any relevant interim and annual allocation dates.

Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the Company on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued, as well as net income and net accumulation Shares, but currently no gross Shares are in issue. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of

income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net Shares unless otherwise stated.

Each Class of Share may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Class for Shares of another Class within the Company. Details of this switching facility and the restrictions are set out in paragraph 4.4 “Switching”.

### 3. 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 the 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.

#### 4. **BUYING, REDEEMING, SWITCHING SHARES AND CONVERSIONS**

The dealing office of the ACD is open from 9.00 am until 5.00 pm on each Business Day to receive requests for the purchase, redemption and switching of shares, which will be effected at prices determined at the next Valuation Point following receipt of such request. Telephone calls may be recorded for training and monitoring purposes. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

The ACD will accept instructions to transfer or renunciation of title to shares on the basis of an authority communicated by original stock transfer forms and renunciation forms sent by the shareholder or delivered on their behalf by a person that is regulated by the FCA or the Prudential Regulatory Authority (“PRA”) where applicable (in the case of dual-regulated firms) or regulated in another jurisdiction by an equivalent supervisory authority, subject to:

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

In its dealings in Shares of the Company the ACD is dealing as principal. The ACD does not actively seek to make a profit from dealing in Shares as principal but does so in order to facilitate the efficient management of the Company. The ACD is not accountable to Shareholders for any profit it makes from dealing in Shares as principal.

##### 4.1 **Money Laundering**

As a result of legislation in force in the UK to prevent money laundering, the ACD is responsible for compliance with anti money laundering regulations. In order to implement these regulations, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of a redemption of Shares, or pay income on Shares to the investor. In the case of a purchase of Shares where the applicant is not willing or is unable to provide the information requested within a reasonable period, the ACD also reserves the right to sell the Shares purchased and return the proceeds to the



account from which the subscription was made. These proceeds may be less than the original investment.

## 4.2 **Buying Shares**

### 4.2.1 **Procedure**

Where the minimum investment levels allow, initial investments can only be made by sending a completed application form to the ACD's Transfer Agency Team at 177 Bothwell Street, Glasgow, G2 7ER, or TADealing@tutman.co.uk, either (i) accompanied by a cheque (up to a maximum value of £50,000) or (ii) having made a telegraphic transfer to the ACD's bank account. Application forms are available from the ACD. The ACD will accept written instructions accompanied by a cheque or on receipt of a payment by telegraphic transfer on subsequent transactions which can be carried out by writing to the ACD's Transfer Agency. The ACD may accept applications to purchase shares by electronic communication. Electronic communication does include email. Subsequent transactions will be processed as at the next Dealing Day.

Valid applications to purchase Shares in the Company will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in the Company has been suspended as set out in paragraph 4.10.

Settlement is due within four Business Days of the Valuation Point. 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.

For amounts in excess of £50,000, settlement must be made by electronic bank transfer to the bank account detailed on the application form. Otherwise, a cheque should be sent for the net amount, made payable to "Tutman Fund Solutions Limited", at: Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP .

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue (being more than five 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 at 4% per annum above the prevailing Bank of England base rate, on the value of any settlement received later than the fourth Business Day following the Valuation Point. No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. For postal applications payment must be received in full and accompany the application. Subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the ACD may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared. 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.

Any subscription monies remaining after a whole number of Shares have been issued will not be returned to the applicant. Instead, smaller denomination Shares will be issued. A smaller denomination Share is equivalent to one thousandth of a larger denomination Share.

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The ACD may extend cancellation rights to other investors but is under no obligation to do so.

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.

#### **4.2.2 Documents the buyer will receive**

A confirmation giving details of the number and price of Shares bought will be issued no later than the end of the Business Day following the Valuation Point by reference to which the price is determined together with, where appropriate, a notice of the applicant's right to cancel.

Registration of Shares can only be completed by the ACD upon receipt of any required registration details. These details may be supplied in writing to the ACD or by returning to the ACD the properly completed registration form and copy of the confirmation.

Share certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the Company's register of Shareholders. Tax vouchers in respect of half-yearly distributions of income will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a Shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

#### **4.2.3 Minimum subscriptions and holdings**

The minimum initial subscriptions, subsequent subscriptions and holdings levels for each Class of Share are set out in Appendix I.

The ACD may at its sole discretion accept subscriptions and/or holdings lower than the minimum amount(s).

If following a redemption, Switch or transfer, a holding in any Class of Share should fall below the minimum holding for that Class, the ACD has the discretion to effect a redemption of that Shareholder's entire holding in that Class of Share. The ACD may use this discretion at any time. Failure not to do so immediately after such redemption, Switch or transfer does not remove this right.

### **4.3 Redeeming Shares**

#### **4.3.1 Procedure**

Every Shareholder is entitled on any Dealing Day to redeem its Shares, which shall be purchased by the ACD dealing as principal.

Valid instructions to the ACD to redeem Shares will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the

case where dealing has been suspended as set out in paragraph 4.10. The ACD may accept requests to sell or transfer Shares by electronic communication. Electronic communication does include email.

Requests to redeem Shares may be made in writing to the ACD's Transfer Agency team at 177 Bothwell Street, Glasgow, G2 7ER. The ACD may also, at its discretion and by prior agreement, accept instructions to redeem shares from FCA regulated entities by telephone on 0141 483 9700 or by fax. The ACD may accept requests to sell or transfer Shares by electronic communication. Electronic communication does include email. However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if insufficient documentation or anti-money laundering information has been received by the ACD. 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.

For details of dealing charges see paragraph 4.5 below.

#### **4.3.2 Documents a redeeming Shareholder will receive**

A confirmation giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the Business Day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined.

Payment of redemption proceeds will normally be made by cheque to the first named Shareholder (at their risk), or, at the ACD's discretion, via telegraphic transfer in accordance with any instruction received (the ACD may recover any bank charge levied on such transfers). Instructions to make payments to third parties (other than intermediaries associated with the redemption) will not normally be accepted.

Such payment will be made within four Business Days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant

Shareholders together with any other documentation and appropriate evidence of title, any required anti-money laundering related documentation, and (b) the Valuation Point following receipt by the ACD of the request to redeem.

No interest will be paid on funds held whilst the ACD awaits receipt of all relevant documentation necessary to complete a redemption. Shares that have not been paid for cannot be redeemed.

#### 4.3.3 **Minimum redemption**

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares to be redeemed is less than the minimum stated in respect of the appropriate Class in question (see Appendix I).

#### 4.4 **Switching**

Subject to any restrictions on the eligibility of investors for a particular Fund, a Shareholder may at any time Switch all or some of his Shares of one Fund ("the Original Shares") for Shares of another Fund ("the New Shares"). The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

Switching may be effected in writing to the ACD at 177 Bothwell Street, Glasgow, G2 7ER. The ACD may, at its sole discretion and by prior agreement, accept switching instructions by telephone from FCA regulated entities only. A switching shareholder must be eligible to hold the shares into which the switch is to be made. The ACD may accept requests to switch Shares by electronic communication. Electronic communication does include email. 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 at its sole discretion and by prior agreement, accept switching instructions by telephone from FCA regulated entities only. The ACD may accept requests to switch Shares by electronic communication. Electronic communication does include email. The ACD may at its discretion make a charge on the switching of Shares between Funds. Any such charge on switching does not constitute a separate

charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers. For details of the charges on switching currently payable, please see paragraph 4.5.3 “Charges on Switching”.

If a partial 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 Fund concerned, the ACD may, if it thinks fit, switch the whole of the applicant’s holding of Original Shares to New Shares (and make a charge on switching on such conversion) or refuse to effect any Switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Switching requests received after a Valuation Point will be held over until the next day which is a Dealing Day.

The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

A switch of shares between different Funds will be deemed to be a realisation for the purposes of capital gains taxation.

**A Shareholder who Switches between Funds will not be given a right by law to withdraw from or cancel the transaction.**

### **Share Class Conversion**

If applicable, a holder of shares in a Share Class (“Old Class Shares”) of a Fund may exchange all or some of his shares for shares of a different Share Class within the same Fund (“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. This transaction will not be included in the calculations for Stamp Duty Reserve Tax (see “Taxation” for further details), and 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.

Conversions may be effected by writing to the ACD at 177 Bothwell Street, Glasgow, G2 7ER. The ACD may, at its discretion and by prior agreement, accept conversion instructions by telephone from FCA regulated entities only. A converting shareholder must be eligible to hold the shares into which the conversion is to be made. The ACD may, at its discretion and by prior agreement, accept conversion instructions by telephone from FCA regulated entities only. 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 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 conversion of the Old Shares.

Please note that, under current tax law, a conversion of shares between different share classes in the same Fund 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 in the same Fund will not be given a right by law to withdraw from or cancel the transaction.

## 4.5 Dealing Charges

The price per Share at which Shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

### 4.5.1 Initial charge

The ACD may impose a charge on the purchase of Shares in each Class. The current initial charge is calculated as a percentage of the amount invested by a potential Shareholder and is set out in Appendix I. The ACD may waive or discount the initial charge at its discretion.

The initial charge (which is deducted from subscription monies) is payable by the Shareholder to the ACD.

The current initial charge of a Class may only be increased in accordance with the Regulations.

From the initial charge received, or out of its other resources, the ACD may pay a commission to relevant intermediaries including the Investment Managers and its Associates.

### 4.5.2 Redemption charge

The ACD may make a charge on the redemption of Shares in each Class. At present, no redemption charge is levied.

The ACD may only introduce a redemption charge in accordance with the Regulations. Also, if such a charge was introduced, it would not apply to Shares issued before the date of the introduction (i.e., those not previously subject to a redemption charge).

### 4.5.3 Charges on Switching

On the switching of Shares between Funds in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on switching is payable by the Shareholder to the ACD.



There is currently no charge for switching Shares in one Class for Shares in another Class.

#### 4.5.4 Dilution Levy

The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the share price - for example, due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances (for example large volumes of deals) this may have an adverse effect on the shareholders' interest in the Company. In order to prevent this effect ("dilution"), the ACD has the power to charge a "dilution levy" on the sale and/or redemption of shares but does not at present intend to do so. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the Company.

The dilution levy is calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, commission and transfer taxes.

The need to charge a dilution levy will depend on the volume of sales or redemptions. It is not possible to predict accurately whether dilution would occur at any point in time.

The need to make a dilution Levy will depend on the volume of sales or redemptions. The ACD may make a dilution Levy if, in its opinion, the existing shareholders (for sales) or remaining shareholders (for redemptions) might otherwise be adversely affected, and if making a dilution Levy is, so far as practicable, fair to all shareholders and potential shareholders. In particular, the dilution levy may be made on days when the Company experiences transactions in shares which exceed 5% of the net Asset Value of the Company, or otherwise where the ACD considers it necessary to protect the interests of the shareholders of the Company.

This policy is intended to mitigate the dilutive effect of Shareholder transactions on the future growth of the Company.

Based on future projections and on its experience of managing the Company the ACD is unlikely to impose a dilution levy unless it considers that the dealing costs relating to a Shareholder transaction are significant and will have a material impact on the Company.

If a dilution levy is required then, based on future projections, the estimated rate of such a levy would be 0.14% on sales (creations) and 0.11% on redemptions (liquidations). 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.

The ACD, in its absolute discretion, may waive or reduce the dilution levy. The ACD may alter its current dilution policy in accordance with the procedure set out in the Regulations.

#### **4.6 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. The ACD may refuse to register a transfer unless any provision for SDRT due has been paid. The ACD may accept instructions to transfer shares via electronic communication. Electronic communication does include email.

#### **4.7 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 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 or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Shares.

If it comes to the notice of the ACD that any Shares (“affected Shares”):

- (a) 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
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or

- (c) are held in any manner 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 Shareholder(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 redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within 30 days after the date of such notice transfer his affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD 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 expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

A Shareholder who becomes aware that he is holding or owns affected Shares shall immediately, unless he has already received a notice as set out above, either transfer all his affected Shares to a person qualified to own them or submit a request in writing to the ACD for the redemption of all his affected Shares.

Where a request in writing is given or deemed to be given for the redemption of affected Shares, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook.3.7.1

#### **4.8 Issue of Shares in exchange for in specie assets**

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

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

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

#### **4.9 In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of the Company or in some way detrimental to the Company, arrange for scheme property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in

place of payment for the Shares in cash. Before the redemption is effected, the ACD will give written notice to the Shareholder of the intention to make an in specie transfer.

The ACD will select the property to be transferred in consultation with the Depositary. The ACD and Depositary must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting the redemption than to the continuing Shareholders.

#### **4.10 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 the Company where due to exceptional circumstances it is in the interests of all the Shareholders in the Company.

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 the Company is 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.

#### 4.11 **Governing Law**

All deals in Shares are governed by the law of England and Wales.

### 5. **VALUATION OF THE COMPANY**

#### 5.1. **General**

The price of a Share is calculated by reference to the Net Asset Value. The Net Asset Value per Share is currently calculated at 17.00 hours (London time) (this being the Valuation Point) on each Dealing Day.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depository of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a Valuation Point for the purposes of dealings. 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 ACD will, upon completion of each valuation, notify the Depository of the price of Shares, of each Class and the amount of any dilution levy applicable in respect of any purchase or redemption of Shares.

“Late Trading” is defined as the acceptance of a subscription, redemption or Switch order received after the Company’s applicable valuation point for that Dealing Day. Late Trading is not permitted. A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

#### 5.2. **Calculation of the Net Asset Value**

The value of the Scheme Property shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

- 5.2.1. All the Scheme Property (including receivables) is to be included, subject to the following provisions.
- 5.2.2. Scheme Property which is not cash (or other assets dealt with in paragraph 5.2.2.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
- 5.2.2.1. Units or shares in a collective investment scheme:
- (a) if a single price for buying and redeeming units or shares is quoted, at that price; or
  - (b) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or
  - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;
- 5.2.2.2. Any other transferable security:
- (a) if a single price for buying and redeeming the security is quoted, at that price; or
  - (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
  - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or, if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;
- 5.2.2.3. Scheme Property other than that described in paragraphs 5.2.2.1 and 5.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;
- 5.2.2.4. Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 5.2.3. Scheme Property which is a contingent liability transaction shall be treated as follows:
- 5.2.3.1. if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme

Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;

- 5.2.3.2. if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
- 5.2.3.3. if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 5.2.4. In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 5.2.5. Subject to paragraphs 5.2.6 and 5.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 5.2.6. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 5.2.5.
- 5.2.7. All agreements are to be included under paragraph 5.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 5.2.8. Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty, SDRT and any foreign taxes or duties.
- 5.2.9. Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 5.2.10. Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 5.2.11. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 5.2.12. Add any other credits or amounts due to be paid into the Scheme Property.
- 5.2.13. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.

5.2.14. Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

### 5.3. **Price per Share in each Class**

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. Any initial charge or redemption charge, (or dilution levy or SDRT on a specific deal, if applicable) is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

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

### 5.4. **Pricing basis**

The ACD deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD. Shares in the Company are single priced.

### 5.5. **Publication of Prices**

The prices of all Shares are published on the website: [www.trustnet.com](http://www.trustnet.com). The prices of Shares may also be obtained by calling 0141 483 9701 during the ACD's normal business hours. As the ACD deals on a forward pricing basis, the price that appears in these sources will not necessarily be the same as the one at which investors can currently deal. The ACD may also, at its sole discretion, decide to publish certain Share prices in other third party websites or publications but the ACD does not accept responsibility for the accuracy of the prices published in, or for the non-publication of prices by, these sources for reasons beyond the control of the ACD.

## 6. **RISK FACTORS**

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

### 6.1. **General**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the



investment objective of the Company will actually be achieved and no warranty or representation is given to this effect. The level of any yield for the Company may be subject to fluctuations and is not guaranteed.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on funds heavily invested in that asset class or region. There will be a variation in performance between funds with similar objectives due to the different assets selected.

## **6.2. Effect of Initial Charge or Redemption Charge**

Where an initial charge or redemption charge is imposed, an investor who realises his Shares may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.

In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased the redemption charge will show a corresponding increase. Currently there is no redemption charge levied on Shares.

The Shares therefore should be viewed as medium to long term investments.

## **6.3 Dilution**

The Company may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold.

## **6.4 Suspension of Dealings in Shares**

Investors are reminded that in certain circumstances their right to redeem Shares (including a redemption by way of switching) may be suspended.

## **6.5 Currency Exchange Rates**

Currency fluctuations may adversely affect the value of the Company's investments and the income thereon and, depending on an investor's currency of reference, currency fluctuations may adversely affect the value of his investment in Shares.

## **6.6 Efficient Portfolio Management**

The Investment Managers may employ derivatives in the pursuit of the investment objectives as stated in this Prospectus and in accordance with its risk management policy. It is not intended that the use of derivatives in this way will cause the net

asset value of the Company to have high volatility or otherwise cause its existing risk profile to change.

The Company may use Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management (“EPM”). Permitted EPM transactions include transactions in derivatives dealt or traded on an eligible derivatives market or over-the-counter. For more information in relation to investment in derivatives, please see paragraphs 17 and 18 in Appendix III. EPM techniques may also involve the Company entering into stock lending transactions or reverse repurchase agreements. The ACD must ensure in entering into EPM transactions that the transaction is economically appropriate to (i) the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or (ii) the reduction of the relevant costs and/or (iii) the generation of additional capital or income with an acceptably low level of risk.

There is no guarantee that the Company will achieve the objective for which any EPM transaction was undertaken. To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Company may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated. EPM transactions (save to the extent that derivatives are traded on exchange) may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations (see paragraph 6.15 “Counterparty and Settlement” and paragraph 6.9 “Counterparty Risk in Over-the Counter Markets”).

In order to mitigate that risk of counterparty default, the counterparties to these transactions may be required to provide collateral to suitably cover their obligations to the Company. In the event of default by the counterparty, it will forfeit its collateral on the transaction. However, there is a risk that the collateral, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty’s liability to the Company. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in loss for the Company.

To assist in managing these types of risks, the ACD has a collateral management policy which sets criteria around the types of eligible collateral the Company may accept.

Investors should note that EPM transactions may be effected in relation to the Company in circumstances where the ACD or Investment Manager has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to the Company. Where a conflict cannot be avoided, the ACD and Investment Manager will have regard to their responsibility to act in the best interests of the Company and its investors.

The ACD and Investment Manager will ensure that the Company and its 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. For further information in relation to conflicts of interest, please see paragraph 7.

All revenues arising from EPM transactions (including stock lending and repurchase and reverse repurchase arrangements, if any) will be returned to the Company, net of direct and indirect operational costs and fees.

## **6.7 Emerging Markets**

Investments in emerging markets may be more volatile than investments in more developed markets. Some of these markets may have relatively unstable governments, economies based on only a few industries and securities markets that trade only a limited number of securities. Many emerging markets do not have well developed regulatory systems and disclosure standards may be less stringent than those of developed markets.

The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets.

The following is a brief summary of some of the more common risks associated with emerging markets investment:

**Fraudulent Securities** - Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.

Currency Fluctuations - Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the Company may occur following the investment of the Company in these currencies. These changes may impact the total return of the Company to a significant degree. In respect of currencies of certain emerging countries, it is not possible to undertake currency hedging techniques.

Settlement and Custody Risks - Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.

Investment and Remittance Restrictions - In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to a Company because the maximum permitted number of or investment by foreign shareholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Company will only invest in markets in which it believes these restrictions to be acceptable. However, there can be no guarantee that additional restrictions will not be imposed.

Accounting - Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly assess.

## **6.8 Smaller Companies**

Investments in smaller companies may be more volatile than investments in larger companies.

## **6.9 Counterparty Risk in Over-the-Counter Markets**

The Company may enter into transactions in over-the-counter markets, which will expose the Company to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Company may enter into agreements or use other derivative techniques, each of which exposes the Company to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Company could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the

Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred.

#### **6.10 Credit and Fixed Interest Securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital.

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the yield, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent. BBB is described as having adequate capacity to meet financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the bond issuer to meet its financial commitments.

#### **6.11 Liquidity**

Depending on the types of assets the Company invests in there may be occasions where there is an increased risk that a position cannot be liquidated in a timely manner at a reasonable price.

#### **6.12 Tax**

Tax laws currently in place may change in the future which could affect the value of your investments. See the section headed 'Taxation' for further details about taxation of the Company.

#### **6.13 Inflation and Interest Rates**

The real value of any returns that an investor may receive from the Company could be affected by interest rates and inflation over time.

#### **6.14 Custody**

There may be a risk of loss where the assets of the Company are held in custody that could result from the insolvency, negligence or fraudulent action of a custodian or sub-custodian.

#### **6.15 Counterparty and Settlement**

The Company will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

#### **6.16 Warrants**

Whilst warrants may be utilised for the management of investment risk they can also be volatile. A warrant allows, within a subscribed period, the right to apply for shares, debentures, loan stock or government securities from the issuer of the underlying security. A small movement in the price of the underlying security results in a disproportionately large movement, favourable or unfavourable in the price of the warrant. Therefore the larger the fund holding in warrants the larger the risk of volatility.

#### **6.17 Investment in Collective Investment Schemes**

The Company may invest in other collective investment schemes. As an investor in another collective investment scheme, the Company will bear, along with the other investors, its portion of the expenses of the other collective investment scheme, including the management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which the Company bears directly with its own operations.

#### **6.18 Leverage Risk**

Leverage is where a 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 Fund.

## 7. MANAGEMENT AND ADMINISTRATION

### 7.1. Regulatory Status

The ACD, the Depositary and the Investment Managers are authorised and regulated by the Financial Conduct Authority.

### 7.2. Authorised Corporate Director

#### 7.2.1. General

The ACD is Tutman Fund Solutions Limited which is a private company limited by shares incorporated in England and Wales on 30 July 1985 (registered company no.1934644).

The directors of the ACD are:

#### **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 ACD. 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.

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

**Principal Place of Business:** 177 Bothwell Street, Glasgow, G2 7ER

**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 COLL Sourcebook. The ACD may delegate its management and administration functions, but not responsibility, to third parties, including Associates subject to the rules in the COLL Sourcebook.

It has therefore delegated to the Investment Managers the function of managing and acting as the investment manager for the investment and reinvestment of the assets of the Company (as further explained in paragraph 7.4 below). It has also delegated to the Registrar certain functions relating to the register (as further explained in paragraph 6.5 below).

#### 7.2.2. **Terms of Appointment**

The appointment of the ACD has been made under an agreement between the Company and the ACD, as amended from time to time (the "ACD Agreement").

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities.

The ACD Agreement may be terminated by either party after the expiry of three years from the date of incorporation of the Company on not less than twelve months written notice or earlier upon the happening of certain specified events. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and 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. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.



Details of the fees payable to the ACD are set out in paragraph 8 “Charges payable to the ACD” below.

The ACD is also under no obligation to account to the Depositary, the Company or the Shareholders for any profit it makes on the issue or re-issue or cancellation of Shares which it has redeemed.

The Company has no directors other than the ACD. The ACD is the manager of certain authorised unit trusts and open-ended investment companies details of which are set out in Appendix V.

### 7.3. The Depositary

#### 7.3.1. General

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 the NatWest Group plc, which is incorporated in Scotland. The principal business activity of the Depositary is the provision of trustee and depositary services.

#### 7.3.2. 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.

#### 7.3.3. 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.

#### 7.3.4. **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.

#### 7.3.5. **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.

#### 7.3.6. **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.

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.

Details of the fees payable to the Depositary are given in the Fees and Expenses section.

## 7.4. The Investment Managers

### 7.4.1. General

The ACD has appointed the following Investment Managers to provide investment management services to the ACD.

Sarasin & Partners LLP and W1M Investment Management Limited which are both authorised and regulated by the Financial Conduct Authority.

Sarasin & Partners LLP registered office is at Juxon House, 100 St Paul's Churchyard, London EC4M 8BU.

W1M Investment Management Limited registered office is at 16 Babmaes Street, London, SW1Y 6AH.

The principal activities of the Investment Managers are the provision of investment management and advice.

#### 7.4.2. **Terms of Appointment**

The Investment Managers will be responsible to the ACD for managing the Scheme Property in accordance with specific objectives set by the ACD from time to time. Management of Scheme Property not allocated to the Investment Managers is the responsibility of the ACD. The ACD is responsible for ensuring that in aggregate the Scheme Property is managed within the investment objectives and any restrictions set out in the Instrument of Incorporation and this Prospectus. Subject to such objectives and restrictions, as are set by the ACD, the Investment Managers will have complete discretion for the account of the Company to buy, sell, retain, exchange or otherwise deal in Scheme Property, subscribe to issues and offers for sale and accept placings, underwritings and sub-underwritings, effect transactions on any market, take all day to day decisions and otherwise act as an Investment Manager considers appropriate in relation to the management of the Scheme Property. The agreements may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events.

The Investment Managers will receive a fee paid by the ACD out of its remuneration received each month from the Company, as explained in paragraph 8.4.

The Investment Managers will not be considered as broker fund advisers under the FCA Handbook in relation to the Company.

#### 7.4.3. **The Registrar**

#### 7.4.4. **General**

On behalf of the Company the ACD has also appointed Tutman Fund Solutions Limited to act as registrar and to provide fund accounting and other administration services to the Company. The registered office of the Registrar is 177 Bothwell Street, Glasgow, G2 7ER.

The Register is kept and maintained at 177 Bothwell Street, Glasgow, G2 7ER.

#### **7.4.5. Register of Shareholders**

The Register of Shareholders will be maintained by the Registrar at the address of its office as noted above, and may be inspected at that address or the principal place of business during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

The plan register, where applicable, (being a record of persons who subscribe for Shares through Individual Savings Accounts (ISAs)) can be inspected at the office of the Registrar.

#### **7.4.6. The Auditors**

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

#### **7.4.7. Conflicts of Interest**

The ACD, the Investment Managers and any Associate may, from time to time, act as ACD, manager, investment manager or advisers to other funds or sub-funds which follow similar investment objectives to those of the Company. It is therefore possible that the ACD and/or the Investment Managers may in the course of their business have potential conflicts of interest with the Company or that a conflict exists between the Company and other funds managed by the ACD. Each of the ACD and the Investment Managers will, however, have regard in such event to its obligations under the ACD agreement and the investment management agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Managers will ensure that the Company and other collective investment schemes it manages are fairly treated.

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 disclose these to shareholders in the report and accounts or otherwise an appropriate format.

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

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.

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.

Details of the ACD's and the Investment Managers' conflicts of interest policy are available upon request.

## **8 FEES AND EXPENSES**

### **8.1. Ongoing**

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Shares (see paragraph 4.5) payable by a Shareholder or out of Scheme Property are set out in this section.

The Company may, so far as the COLL Sourcebook allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including the following:

the fees and expenses payable to the ACD and to the Depositary;

fees and expenses in respect of establishing and maintaining the Register of Shareholders and related functions including any sub-registers kept for the purpose of the administration of ISAs;

expenses incurred in acquiring and disposing of investments;

expenses incurred in distributing income to Shareholders;

fees in respect of the publication and circulation of details of the Net Asset Value;

the fees and expenses of the auditors and tax, legal and other professional advisers of the Company;

the costs of publishing the price of Shares in a national newspaper or any one media;

the costs of convening and holding Shareholder meetings (including meetings of Shareholders in any particular Class of Share);

any costs incurred in preparing, translating, producing (including printing), and distributing and modifying the Instrument of Incorporation, the prospectus, the Key Investor Information Document (KIID) (apart from the costs of distributing the Key investor Information Document) or reports accounts, statements, contract notes and other like documentation or other relevant document required under the Regulations;

taxation and duties payable by the Company;

interest on and charges incurred in borrowings;

any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;

fees of the FCA, in accordance with the FCA's Fee Manual, and (if applicable) the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed;

any costs incurred in taking out and maintaining an insurance policy in relation to the Company;

liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of shares as more fully detailed in the Regulations;

any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;

any payments otherwise due by virtue of a change in the Regulations;

the total amount of any cost relating to the authorisation and incorporation of the Company and of its initial offer or issue of shares;

any value added or similar tax relating to any charge or expense set out herein;

any costs incurred which are associated with independent risk monitoring or daily "value at risk" or "VaR" calculations (part of the risk monitoring process);

Fees connected with the listing of Shares on any stock exchange will be payable by the Company.

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

The ACD is also entitled to be paid by the Company out of the Scheme Property any expenses incurred by the ACD or its delegates of the kinds described above.

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for the Company is set out in Appendix I.



Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital (save for any charge made in respect of SDRT under paragraph 10.1 “Stamp Duty Reserve Tax”). If deductions were made from capital, this would result in capital erosion and constrain growth.

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

### *Annual Management Charge*

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Company as set out in Appendix I. The annual management charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Company on the last Dealing Day of the preceding month and the amount due for each month is payable on the last Dealing Day of each month. The current annual management charge (expressed as a percentage per annum of the Net Asset Value) is set out in Appendix I.

### *Registration Fees*

The ACD shall be entitled to receive a fee of £700 per annum out of the Scheme Property of the Company for providing registration services.

### *Expenses*

The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties as set out above.

VAT is payable on the charges or expenses mentioned above, where appropriate.

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

The current annual fee payable to the ACD for a Class may only be increased or a new type of remuneration introduced in accordance with the Regulations.

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.

### 8.3. **Depositary's fee and expenses**

The Depositary is entitled to receive out of Scheme Property by way of remuneration a periodic charge, which will be calculated and accrue daily by reference to the Net Asset Value of the Company on the last Dealing Day of the preceding month and be paid monthly as soon as practicable after the end of each month, and certain additional charges and expenses. The rate of the Depositary's periodic charge will be such rate or rates as agreed from time to time between the ACD and the Depositary in accordance with the COLL Sourcebook. The current rate of the Depositary's periodic charge is:

- 0.0275% per annum plus VAT on Scheme Property below £50,000,000;
- 0.025% per annum plus VAT on Scheme Property between £50,000,000 and £100,000,000; and
- 0.02% per annum plus VAT on Scheme Property above £100,000,000.

but always subject to a minimum of £7,500 per annum.

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

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

In the event of the winding up of the Company, the Depositary shall continue to be entitled to a periodic charge for the period up to and including the day on which the final distribution in the winding up of the Company shall be made or, in the case of a winding up following the passing of an extraordinary resolution approving a scheme of arrangement, up to and including the final day on which the Depositary is responsible for the safekeeping of the Scheme Property. Such periodic charge will be calculated, be subject to the same terms and accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the winding up of the Company commences, the value of the Scheme Property shall be its Net Asset Value determined at the beginning of each such day.

The Depositary Agreement between the Company and the Depositary provides that in addition to a periodic charge the Depositary may also be paid by way of

remuneration custody fees where it acts as Custodian and other transaction and bank charges. At present the Depositary delegates the function of custody of the Scheme Property to The Bank of New York Mellon SA/NV, London Branch.

The remuneration for acting as custodian is calculated at such rate and/or amount as the ACD, the Depositary and the Custodian may agree from time to time.

The current remuneration ranges from between 0.003% per annum to 0.50%\* per annum of the value of the Scheme Property, plus VAT (if any) calculated at an ad valorem rate determined by the territory or country in which the assets of the Company are held. The current range of transaction charges is between £5.00 and £472.00 per transaction plus VAT (if any).

\*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

#### **8.4. Investment Managers' fee**

The Investment Managers' fees and expenses (plus VAT thereon) for providing investment management services will be paid by the ACD out of its remuneration under the ACD Agreement.

Further details of this agreement are summarised in paragraph 7.4.2 "Terms of Appointment" above.

### **9 INSTRUMENT OF INCORPORATION**

The Instrument of Incorporation is available for inspection at the ACD's offices at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP.

### **10 SHAREHOLDER MEETINGS AND VOTING RIGHTS**

#### **Class and Company Meetings**

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

Copies of contracts of service between ICVC and its directors, including the ACD, will be provided to a Shareholder on request.

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

## **Requisitions of Meetings**

The ACD may requisition 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 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.

## **Notice and Quorum**

Shareholders will receive at least 14 days' notice of a general 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 person entitled to be counted in a quorum. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.

## **Voting Rights**

At a general meeting, 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 of all the Shares in issue at a reasonable date before the notice of meeting is sent out, such date to be decided by the ACD.

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.

In the case of joint Shareholders, the vote of the most senior Shareholder 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.

Except where the COLL Sourcebook or the Instrument of Incorporation require an extraordinary resolution (which needs at least 75% of the votes 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 COLL Sourcebook) of the ACD is entitled to vote at any meeting of the Company except in respect of Shares which the ACD or 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.

Where all the Shares in the Company 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 entered on the register at a time to be determined by the ACD and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

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

The rights attached to a Class may not be varied without the sanction of an extraordinary resolution passed at a meeting of Shareholders of that Class.

## **11 TAXATION**

### **General**

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 Fund and to individual and corporate investors who are the absolute beneficial owners of a holding in the 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 Fund” and “Equity Fund”. A “Bond Fund” is a 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 fund and the investors within it are treated separately in this section. It is anticipated that the fund will for most periods be an Equity Fund for these purposes, but that depending on how it is invested it may constitute a Bond Fund for some periods.

## **Taxation of an Equity Fund**

### **Taxation of Capital Gains**

An Equity Fund is not subject to UK taxation on capital gains arising on the disposal of its investments. In the unlikely event that the 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 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 Fund.

## **Taxation of a Bond 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 Fund will be exempt from UK tax on chargeable gains.

## **Tax on Income**

A Bond 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 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 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 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's 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 Fund will be exempt from UK tax on chargeable gains.

### **11.1 Stamp Duty Reserve Tax**

On 30 March 2014, Schedule 19 Stamp Duty Reserve Tax (SDRT) ceased to be chargeable on dealings in shares in an OEIC. 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 OEICs be reintroduced in the future, all such costs will be paid out of the fund's Scheme Property and charged to capital.

However it should be noted that in the unlikely event of either of (i) third party transfer of shares or (ii) non-pro rata in specie redemptions, occurring within the fund, SDRT may still be triggered and where applicable be charged to the investor.

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

### **11.2 US Foreign Account Tax Compliance Act (FATCA)**

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, 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 to US withholding taxes on certain US-sourced income and gains. Under an intergovernmental agreement between the US and the United Kingdom, the 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 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 Shares. The Global Intermediary Identification Number for the 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 1st January 2016. This requires financial institutions such as the Trust, 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.

## 12 WINDING UP OF THE COMPANY

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook.

Where the Company is 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 ACD at the relevant time.

The Company shall be wound up under the COLL Sourcebook:

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

**12.2** when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the Share capital of the Company is below £1 million, or if a change in



the laws or regulations of any country means that, in the ACD's opinion, it is desirable to wind up the Company); or

**12.3** on the date 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.

On the occurrence of any of the above:

**12.4** COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company;

**12.5** the Company will cease to issue and cancel Shares in the Company and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company;

**12.6** no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;

**12.7** 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;

**12.8** the corporate status and powers of the Company and subject to 12.4 to 12.7 above, the powers of the Depositary shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company falls 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, 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. If the ACD has not previously notified Shareholders of the proposal to wind up the Company the ACD shall, as soon as practicable after the commencement of winding up of the Company give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be realised, the ACD shall arrange for the Depositary to 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.

As soon as reasonably practicable after completion of the winding up of the Company, the Depositary shall notify the FCA that the winding up has been completed.

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

Following the completion of a winding up of the Company, 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 (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

## **13 GENERAL INFORMATION**

### **13.1 Accounting Periods**

The annual accounting period of the Company ends each year on 31 January (the accounting reference date) with an interim accounting period ending on 31 July.

The ACD may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date.

### **13.2 Notice to Shareholders**

All notices or other documents sent by the ACD to a Shareholder will be sent by normal post to the last address notified in writing to the Company by the Shareholder.

### **13.3 Income Allocations**

The interim and final income allocation dates in respect of the Company are set out in Appendix I. Income is allocated in respect of the income available at each accounting date.

In relation to income Shares, distributions of income are paid by cheque or telegraphic transfer directly into a Shareholder's bank account on or before the relevant income allocation date in each year as set out in Appendix I.

For accumulation Shares, income will become part of the capital property of the Company and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

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.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Company.

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Company in respect of that period, and deducting the charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Company's auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account and other matters.

#### **13.4 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. Annual and half-yearly reports will be available upon request.

#### **13.5 Documents of the Company**

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP:

**13.5.1** the Prospectus;

**13.5.2** the most recent annual and half yearly reports of the Company;

**13.5.3** the Instrument of Incorporation (and any amending documents); and

**13.5.4** the Key Investor Information Document (KIID).

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from the most recent versions of the Prospectus and an annual and half yearly reports of the Company which are available free of charge to anyone who requests).

### **13.6 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:

**13.6.1** the ACD Agreement between the Company and the ACD; and

**13.6.2** the Depositary Agreement between the Company, the Depositary and the ACD.

Details of the above contracts are given under section 6 “Management and Administration”.

### **13.7 Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD at 177 Bothwell Street, Glasgow, G2 7ER. The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and investors should ensure that they have the most up to date version.

### **13.8 Telephone Recordings**

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.

### **13.9 Complaints**

Complaints may be brought in writing to the Compliance Officer of the Company at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP.

In the event that an unsatisfactory response is provided, you can refer your complaint to the Financial Ombudsman Service at:

Financial Ombudsman Service: Exchange Tower, Harbour Exchange Square, London E14 9SR, telephone number 0800 023 4567.

Please note that a copy of the ACD’s Guide to making a complaint is available upon request.

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 the Fund is a member (including, if relevant, membership through a branch) or any alternative arrangement provided, are also available on request.

### **13.10 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.

### **13.11 Indemnity**

The Instrument of Incorporation contains provisions indemnifying the Directors, other officers and the Company's auditors or the Depositary against liability in certain circumstances otherwise than in respect of their negligence, default, breach of duty or breach of trust, and indemnifying the Depositary against liability in certain circumstances otherwise than in respect of its failure to exercise due care and diligence in the discharge of its functions in respect of the Company.

### **13.12 Strategy for the exercise of voting rights**

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of the Company. A summary of this strategy is available from the ACD upon request. Voting records and further details of the actions taken on the basis of this strategy in relation to each Sub-fund are available free of charge from the ACD on request.

### **13.13 Best Execution**

The ACD must act in the best interests of the Fund when executing decisions to deal on behalf of the 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 Fund. 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.

### **13.14 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 Fund, 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 the 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 the 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 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 the Fund.

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

Shares in, and information on, the Company 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.

### **13.16 Risk management**

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

- (a) the quantitative limits applying in the risk management of the Company;
- (b) the methods used in relation to 13.15(a); and
- (c) any recent development of the risk and yields of the main categories of investment.

## APPENDIX I

### 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 Company (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 can be provided free of charge on request.

### COMPANY DETAILS

<b>Name:</b>	<b>Pendennis Fund ICVC</b>
<b>Type of Scheme:</b>	UK UCITS scheme
<b>Investment Objective and Policy:</b>	<p>The investment objective of Pendennis Fund ICVC is to maintain the long-term real value of capital through a globally diversified portfolio of bonds, equities, equity related instruments, collective investment schemes and money market instruments. There will be no emphasis placed on particular economic or industrial sectors with the object being the spreading of risk both geographically and by industrial sector.</p> <p>Investment may also be made in warrants, deposits, cash and near cash, other transferable securities, derivatives and forward transactions and other investments to the extent each is permitted by the Regulations.</p>
<b>Benchmark</b>	<p>Shareholders may compare the performance of the Fund against the IA Mixed Investment 40-85% Shares sector.</p> <p>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.</p> <p>Shareholders may also compare the performance of the Fund against UK Consumer Price Index +4.5%. The ACD has selected this comparator benchmark as</p>

it reflects the absolute returns above inflation.

The benchmarks are not targets for the Fund, nor is the Fund constrained by the benchmarks.

<b>Final Accounting Date:</b>	31 January
<b>Interim Accounting Date:</b>	31 July
<b>Income Distribution Dates:</b>	31 March (final) 30 September (interim)
<b>Shares Classes and Type of Shares:</b>	Income Shares Accumulation Shares
<b>Initial Charge:</b>	7.5%
<b>Redemption Charge:</b>	Nil
<b>Switching Charge:</b>	Nil
<b>Charge for investment research:</b>	Nil
<b>Annual Management Charge:</b>	1.0%

		<b>Income</b>	<b>Capital</b>
<b>Allocation of Charges:</b>			
AMC:		100%	
Ongoing Operating Costs:		100%	
Dealing and Registration:		100%	
Depository:		100%	
Custody:		100%	
Portfolio Transactions (SDRT, Broker's Commission):			100%
<b>Investment Minima:</b> *	Income	Accumulation	
Lump Sum:	£100,000	£100,000	
Holding:	£100,000	£100,000	
Top-up:	N/A providing minimum holding maintained	N/A provided minimum holding maintained	
Redemption:	N/A		

**Past Performance:** Past performance information is set out in Appendix VI.

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



## APPENDIX II

### ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS

The Company may deal through securities and derivatives markets which are regulated markets (as defined in the glossary to the FCA Handbook) or markets established in the UK or an EEA/EU State which are regulated, operate regularly and are open to the public (excluding Cyprus and Slovenia).

The Company may also deal through the securities markets and derivatives markets indicated below:

#### Eligible Securities Markets:

Australia	Australian Securities Exchange
Canada	Toronto Stock Exchange
	TSX Venture Exchange
Hong Kong	Hong Kong Exchanges and Clearing Company
Japan	Osaka Securities Exchange
	Nagoya Stock Exchange
	Tokyo Stock Exchange
Korea, Republic of	Korea Exchange
Malaysia	Bursa Malaysia
Mexico	Mexican Stock Exchange (Bolsa Mexicana de Valores)
New Zealand	New Zealand Exchange Ltd
Singapore	Singapore Exchange
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange
Thailand	Stock Exchange of Thailand
United States of America	NASDAQ

	New York Stock Exchange
	NYSE MKT LLC

**Eligible Derivative Markets:**

Australia	Australian Securities Exchange
Canada	The Montreal Exchange
Hong Kong	Hong Kong Exchanges and Clearing Company
Japan	Tokyo Stock Exchange
	Osaka Securities Exchange
Malaysia	Bursa Malaysia
Mexico	Mexican Derivatives Exchange (Mercado Mexicano de Derivados)
South Africa	Safex
Switzerland	Eurex Zurich
United States of America	Chicago Board Options Exchange
	CME Group
	NASDAQ
	NYSE Amex Options

## APPENDIX III

### INVESTMENT AND BORROWING POWERS OF THE COMPANY

#### 1. General

The Scheme Property will be invested with the aim of achieving the investment objective but subject to the limits set out in the investment policy and the limits set out in Chapter 5 of the COLL Sourcebook (“COLL 5”) and this Prospectus.

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

From time to time and in particular during periods of uncertain or volatile markets, the Investment Managers may choose to hold a substantial proportion of the property of the Company in money market instruments and/or cash deposits.

##### 1.1 Prudent spread of risk

The ACD must ensure that, taking account of the investment objective and policy of the Company, the Scheme Property aims to provide a prudent spread of risk.

##### 1.2 Cover

1.2.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Company under any other of those rules has also to be provided for.

1.2.2 Where the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

1.2.2.1 it must be assumed that in applying any of those rules, the Company must also simultaneously satisfy any other obligation relating to cover; and

1.2.2.2 no element of cover must be used more than once.

## 2. UK UCITS Schemes - general

2.1 Subject to the investment objective and policy of the Company and the restrictions set out in this Prospectus, the Scheme Property must, except where otherwise provided in COLL 5, only consist of any or all of:

2.1.1 transferable securities;

2.1.2 approved money-market instruments;

2.1.3 permitted units in collective investments schemes;

2.1.4 permitted derivatives and forward transactions; and

2.1.5 permitted deposits.

## 3. Transferable Securities

3.1 A transferable security is an investment falling within article 76 (Shares etc), article 77 (Instruments creating or acknowledging indebtedness), article 78 (Government and public securities), article 79 (Instruments giving entitlement to investments) and article 80 (Certificates representing certain securities) of the Regulated Activities Order.

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

3.3 In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (Shares, etc) or 77 (Instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

3.4 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.

3.5 The Company may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

3.5.1 the potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;

3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the FCA Handbook;

- 3.5.3 reliable valuation is available for it as follows:
  - 3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
  - 3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- 3.5.4 appropriate information is available for it as follows:
  - 3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 3.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- 3.5.5 it is negotiable; and
- 3.5.6 its risks are adequately captured by the risk management process of the ACD.
- 3.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
  - 3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
  - 3.6.2 to be negotiable.
- 3.7 Up to 5% of the value of the Scheme Property may be invested in warrants.

#### **4. Closed end funds constituting transferable securities**

4.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 and either:

4.1.1 where the closed end fund is constituted as an investment company or a unit trust:

4.1.1.1 it is subject to corporate governance mechanisms applied to companies; and

4.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

4.1.2 where the closed end fund is constituted under the law of contract:

4.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and

4.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

#### **5. Transferable securities linked to other assets**

5.1 The Company may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company provided the investment:

5.1.1 fulfils the criteria for transferable securities set out in 3.5 above; and

5.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Company can invest.

5.2 Where an investment in 5.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

#### **6. Approved Money-Market Instruments**

6.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.

- 6.2 A money-market instrument shall be regarded as normally dealt in on the money-market if it:
    - 6.2.1 has a maturity at issuance of up to and including 397 days;
    - 6.2.2 has a residual maturity of up to and including 397 days;
    - 6.2.3 undergoes regular yield adjustments in line with money-market conditions at least every 397 days; or
    - 6.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6.2.1 or 6.2.2 or is subject to yield adjustments as set out in 6.2.3.
  - 6.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.
  - 6.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
    - 6.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property could be exchanged between knowledgeable willing parties in an arm's length transaction; and
    - 6.4.2 based either on market data or on valuation models including systems based on amortised costs.
  - 6.5 A money-market instrument that is normally dealt in on the money-market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.
- 7. Transferable securities and money-market instruments generally to be admitted or dealt in on an Eligible Market**
- 7.1 Transferable securities and approved money-market instruments held within the Company must be:
    - 7.1.1 admitted to or dealt in on an eligible market as described in 8.3.1; or

- 7.1.2 dealt in on an eligible market as described in 8.3.2; or
- 7.1.3 admitted to or dealt in on an eligible market as described in 8.4; or
- 7.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within 9.1; or
- 7.1.5 recently issued transferable securities provided that:
  - 7.1.5.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
  - 7.1.5.2 such admission is secured within a year of issue.
- 7.2 However, the Company may invest no more than 10% of the Scheme Property in transferable securities and approved money-market instruments other than those referred to in 7.1.

## **8. Eligible markets regime: purpose and requirements**

- 8.1 To protect Shareholders the markets on which investments of the Company are dealt in or traded on should be of an adequate quality (“eligible”) at the time of acquisition of the investment and until it is sold.
- 8.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction in 7.2 above on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 8.3 A market is eligible for the purposes of the rules if it is:
  - 8.3.1 a regulated market as defined in the FCA Handbook; or
  - 8.3.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public; or
  - 8.3.3 a market in paragraph 8.4 of this Appendix.
- 8.4 A market falling within paragraph 8.3.3 of this Appendix is eligible for the purposes of COLL 5 if:
  - 8.4.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - 8.4.2 the market is included in a list in the prospectus; and



8.4.3 the Depository has taken reasonable care to determine that:

8.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and

8.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

8.5 In paragraph 8.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Shareholders.

8.6 The Eligible Markets for the Company are set out in Appendix II.

## 9. Money-market instruments with a regulated issuer

9.1 In addition to instruments admitted to or dealt in on an eligible market, the Company may invest in an approved money-market instrument provided it fulfils the following requirements:

9.1.1 the issue or the issuer is regulated for the purpose of protecting Shareholders and savings; and

9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 (Issuers and guarantors of money-market instruments) below.

9.2 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting Shareholders and savings if:

9.2.1 the instrument is an approved money-market instrument;

9.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 (Appropriate information for money-market instruments) below; and

9.2.3 the instrument is freely transferable.

## 10. Issuers and guarantors of money-market instruments

10.1 The Company may invest in an approved money-market instrument if it is:

10.1.1 issued or guaranteed by any one of the following:

- 10.1.1.1 a central authority of the UK or, an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
  - 10.1.1.2 a regional or local authority of the UK or an EEA State;
  - 10.1.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;
  - 10.1.1.4 the European Union or the European Investment Bank;
  - 10.1.1.5 a non-EEA State other than the UK or, in the case of a federal state, one of the members making up the federation; or
  - 10.1.1.6 a public international body to which the UK or one or more EEA States belong; or
- 10.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 10.1.3 issued or guaranteed by an establishment which is:
- 10.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or European Community law; or
  - 10.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or European Community law.
- 10.2 An establishment shall be considered to satisfy the requirement in 10.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
- 10.2.1 it is located in the UK or the European Economic Area;
  - 10.2.2 it is located in an OECD country belonging to the Group of Ten;
  - 10.2.3 it has at least investment grade rating;
  - 10.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or European Community law.

## 11. Appropriate information for money-market instruments

11.1 In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 but is not guaranteed by a central authority within 10.1.1.1, the following information must be available:

11.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

11.1.2 updates of that information on a regular basis and whenever a significant event occurs; and

11.1.3 available and reliable statistics on the issue or the issuance programme.

11.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 10.1.3, the following information must be available:

11.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

11.2.2 updates of that information on a regular basis and whenever a significant event occurs; and

11.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

11.3 In the case of an approved money-market instrument:

11.3.1 within 10.1.1.1, 10.1.1.4 or 10.1.1.5; or

11.3.2 which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 and is guaranteed by a central authority within 10.1.1.1;

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

## 12. Spread: general

- 12.1 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.
- 12.2 For the purposes of this requirement 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.
- 12.3 Not more than 20% in the value of the Scheme Property is to consist of deposits with a single body.
- 12.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 12.5 The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when the Company invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 12.7 Not more than 20% in value of the Scheme Property is to consist of transferable securities and approved money-market instruments issued by the same group.
- 12.8 Not more than 20% in value of the Scheme Property is to consist of the units of any one collective investment scheme.
- 12.9 The COLL Sourcebook provides that in applying the limits in 12.3, 12.5 and 12.7 in relation to a single body and subject to 12.6, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:

- 12.9.1 transferable securities (including covered bonds) or approved money-market instruments issued by that body; or
- 12.9.2 deposits made with that body; or
- 12.9.3 exposures from OTC derivatives and other EPM transactions made with that body.

### **13. Counterparty risk and issuer concentration**

- 13.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 12.6 and 12.9 above.
- 13.2 When calculating the exposure of the Company to a counterparty in accordance with the limits in paragraph 12.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 13.3 An ACD may net the OTC derivative positions of the Company with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Company.
- 13.4 The netting agreements in paragraph 13.3 above are permissible only with respect to OTC derivatives with the same counterparty and not in relation to any other exposures the Company may have with that same counterparty.
- 13.5 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 and must comply with the collateral requirements of the ESMA Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).
- 13.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 12.6 when it passes collateral to an OTC counterparty on behalf of the Company.
- 13.7 Collateral passed in accordance with paragraph 13.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of the Company.
- 13.8 The ACD must calculate the issuer concentration limits referred to in paragraph 12.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

13.9 In relation to the exposure arising from OTC derivatives as referred to in paragraph 12.6 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.

**14. Spread: government and public securities**

14.1 The following section applies in respect of a transferable security or an approved money-market instrument (“such securities”) that is issued by:

14.1.1 the UK an EEA State;

14.1.2 a local authority of the UK or an EEA State;

14.1.3 a non-EEA State other than the UK ; or

14.1.4 a public international body to which the UK or one or more EEA States belong.

14.2 Where no more than 35% in value of the Scheme Property is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

14.3 The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:

14.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the Company;

14.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;

14.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;

14.3.4 the disclosures in COLL 3.2.6R(8) and COLL 4.2.5R(3)(i) have been made.

14.4 In giving effect to the foregoing object more than 35% of the Scheme Property may be invested in Government and other public securities issued or guaranteed by the Government of the United Kingdom and Northern Ireland, the Scottish Administration, the Executive Committee of the Northern Ireland Assembly or the National Assembly of Wales, the Governments of Austria, Belgium, Denmark, Finland, France, Germany,

Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden and the Governments of Australia, Canada, Japan, New Zealand, Switzerland or the United States of America and in securities issued by the European Investment Bank.

- 14.5 Notwithstanding 12.1 and subject to 14.2 and 14.3 above, in applying the 20% limit in paragraph 12.9 with respect to a single body, such securities issued by that body shall be taken into account.

## 15. Investment in collective investment schemes

- 15.1 Up to 100% of the value of the Scheme Property may be invested in units or shares in other collective investment schemes (“Second Scheme”) provided the Second Scheme satisfies all of the following conditions and provided that no more than 30% in value of the Scheme Property is invested in Second Schemes within 15.1.1.2-15.1.1.5 below.

### 15.1.1 The Second Scheme must:

- 15.1.1.1 be a UK UCITS scheme or satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
- 15.1.1.2 be recognised under the provisions of section 272 of the Financial Services and Markets Act 2000 (Schemes authorised in designated countries or territories); or
- 15.1.1.3 are authorised as a non-UCITS retail scheme (provided certain requirements are met); or
- 15.1.1.4 be authorised in an EEA State provided certain requirements are met; or
- 15.1.1.5 be authorised by the competent authority of an OECD member country (other than an EEA State) which has:
  - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (b) approved the Second Scheme’s management company, rules and depositary/custody arrangements, (provided certain requirements are met).

- 15.1.2 The Second Scheme has terms that prohibit more than 10% in value of the scheme property consisting of units in collective investment

schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 15.1.2, paragraph 15.1.3 and paragraph 12 (Spread: general) apply to each sub fund as if it were a separate scheme.

15.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an associate of the ACD (which includes the Investment Managers) if the Company's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.

15.2 The Company may, subject to the limits set out in 15.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD or one of its associates.

15.3 If a substantial proportion of the Company's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged by an investee collective investment scheme to the Company will be 6%.

## 16. Investment in nil and partly paid securities

A transferable security or an approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company, at the time when payment is required, without contravening the rules in COLL 5.

## 17. Derivatives: general

The Investment Managers may employ derivatives in the pursuit of the investment objectives as stated in this Prospectus and in accordance with the relevant risk management policy. It is not intended that the use of derivatives in this way will cause the net asset value of the Company to have high volatility or otherwise cause its existing risk profile to change.

17.1 A transaction in derivatives or a forward transaction must not be effected for the Company unless the transaction is of a kind specified in paragraph 19 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 31 (Cover for investment in derivatives and forward transactions) of this Appendix.

17.2 Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to COLL 5.2.11R (Spread: general) and COLL 5.2.12R (Spread: government



and public securities) except for index based derivatives where the rules below apply.

- 17.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 17.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
  - 17.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 17.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 17.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 17.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 17.6 Where the Company 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 COLL 5.2.11R and COLL 5.2.12R.

## **18. Efficient Portfolio Management**

- 18.1 The Company may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management (“EPM”). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain

circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL. The exposure must be fully “covered” by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

18.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:

18.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

18.2.2 Transactions for the generation of additional capital growth or income for the Sub-fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

18.2.2.1 pricing imperfections in the market as regards the property which the Sub-fund holds or may hold; or

18.2.2.2 receiving a premium for the writing of a covered call option or a cash covered put option on property of the Sub-fund which the Company is willing to buy or sell at the exercise price, or

18.2.2.3 stock lending arrangements.

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

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

**19. Permitted transactions (derivatives and forwards)**

19.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 23 (OTC transactions in derivatives).

19.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Company is dedicated:

19.2.1 transferable securities;

19.2.2 approved money-market instruments permitted under paragraphs 7.1.1 to 7.1.4;

19.2.3 deposits and permitted derivatives under this paragraph;

19.2.4 collective investment scheme units permitted under paragraph 15 (Investment in collective investment schemes);

19.2.5 financial indices which satisfy the criteria set out in paragraph 20 (Financial indices underlying derivatives);

19.2.6 interest rates;

19.2.7 foreign exchange rates; and

19.2.8 currencies.

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

19.4 A transaction in a derivative must not cause the Company to diverge from its investment objective as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.

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.

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

19.7 A derivative includes an investment which fulfils the following criteria:

19.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;

19.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;

19.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 23; and

19.7.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

19.8 The Company may not undertake transactions in derivatives on commodities.

## 20. Financial Indices underlying derivatives

20.1 The financial indices referred to in 19.2 are those which satisfy the following criteria:

20.1.1 the index is sufficiently diversified;

20.1.2 the index represents an adequate benchmark for the market to which it refers; and

20.1.3 the index is published in an appropriate manner.

20.2 A financial index is sufficiently diversified if:

20.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

- 20.2.2 where it is composed of assets in which the Company is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this section; and
  - 20.2.3 where it is composed of assets in which the Company cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this section.
- 20.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 20.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 20.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 20.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 20.4 A financial index is published in an appropriate manner if:
- 20.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and
  - 20.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 20.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to 19.2, be regarded as a combination of those underlyings.

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

- 21.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if that

property can be held for the account of the Company, and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the COLL Sourcebook.

## 22. Requirement to cover sales

- 22.1 No agreement by or on behalf of the Company to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.

## 23. OTC transactions in derivatives

- 23.1 Any transaction in an OTC derivative under paragraph 19.1 must be:

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

23.1.2 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 Financial Services Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

23.1.3 on approved terms; the terms of the transaction in derivatives are approved only if, the ACD: carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty and can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value; and

23.1.4 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

23.1.4.1 on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or

- 23.1.4.2 if the value referred to in 23.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 23.1.5 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - 23.1.5.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 23.1.5.2 a department within the ACD which is independent from the department in charge of managing the Company and which is adequately equipped for such a purpose.
- 23.2 For the purposes of paragraph 23.1.3, “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

#### **24. Valuation of OTC derivatives**

- 24.1 For the purposes of paragraph 23.1.3 the ACD must:
  - 24.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the Company to OTC derivatives; and
  - 24.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 24.2 Where the arrangements and procedures referred to in paragraph 24.1 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.4 R (4) to (6) (Due diligence requirements of AFMs of UK UCITS and UCITS schemes).
- 24.3 The arrangements and procedures referred to in 24.1 must be:
  - 24.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
  - 24.3.2 adequately documented.

## **25. Risk Management**

25.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure any time the risk of the Company's positions and their contribution to the overall risk profile of the Company. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

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

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

25.2 The ACD must notify the FCA in advance of any material alteration to the details above.

## **26. Investment in deposits**

26.1 The Company may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

## **27. Significant influence**

27.1 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:

27.1.1 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

27.1.2 the acquisition gives the Company that power.

27.2 For the purposes of paragraph 27.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).



## 28. Concentration

The Company:

- 28.1 must not acquire transferable securities other than debt securities which:
  - 28.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
  - 28.1.2 represent more than 10% of these securities issued by that body corporate;
- 28.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
- 28.3 must not acquire more than 25% of the units in a collective investment scheme;
- 28.4 must not acquire more than 10% of the approved money-market instruments issued by any single body; and
- 28.5 need not comply with the limits in paragraphs 28.2, 28.3 and 28.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## 29. Derivative exposure

- 29.1 The Company may invest in derivatives and forward transactions as long as the exposure to which the Company is committed by that transaction itself is suitably covered from within the Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 29.2 Cover ensures that the Company 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, the Company must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Company is committed. Paragraph 31 (Cover for investment in derivatives and forward transactions) below sets out detailed requirements for cover of the Company.
- 29.3 A future is to be regarded as an obligation to which the Company is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which the Company is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a

right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).

- 29.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

### 30. Schemes replicating an index

- 30.1 Notwithstanding paragraph 12 (Spread: general), the Company 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 below.
- 30.2 Replication of the composition of a relevant index shall be understood to be a reference to a 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.
- 30.3 The 20% limit in paragraph 30.1 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.
- 30.4 In the case of the Company replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where the Company's investment objective is to achieve a result consistent with the replication of an index rather than an exact replication.
- 30.5 The indices referred to above are those which satisfy the following criteria:
- 30.5.1 the composition is sufficiently diversified;
  - 30.5.2 the index represents an adequate benchmark for the market to which it refers; and
  - 30.5.3 the index is published in an appropriate manner.
- 30.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.
- 30.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.

- 30.8 An index is published in an appropriate manner if:
- 30.8.1 it is accessible to the public;
  - 30.8.2 the index provider is independent from the index-replicating UCITS scheme; this does not preclude index providers and the UCITS scheme from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

**31. Cover for investment in derivatives and forward transactions**

- 31.1 The Company may invest in derivatives and forward transactions as part of its investment policy provided:
- 31.1.1 its global exposure relating to derivatives and forward transactions held in the Company does not exceed the net value of the Scheme Property; and
  - 31.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 12 above.

**32. Cover and Borrowing**

- 32.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 31 (Cover for investment in derivatives and forward transactions) except where 32.2 below applies.
- 32.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time being in 32.1 on deposit with the lender (or his agent or nominee), then this paragraph 32.2 applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property.

**33. Calculation of global exposure**

- 33.1 The ACD must calculate the global exposure of the Company on at least a daily basis.
- 33.2 The ACD must calculate the global exposure of the Company it manages either as:

- 33.2.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 17 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or
- 33.2.2 the market risk of the Scheme Property
- 33.3 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.
- 33.4 The ACD must calculate the global exposure of the Company by using:
  - 33.4.1 commitment approach; or
  - 33.4.2 the value at risk approach.
- 33.5 The ACD must ensure that the method selected above is appropriate, taking into account:
  - 33.5.1 the investment strategy pursued by the Company;
  - 33.5.2 types and complexities of the derivatives and forward transactions used; and
  - 33.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.
- 33.6 Where the Company employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 42 (Stock lending) in order to generate additional leverage or exposure to market risk, the authorised fund manager must take those transactions into consideration when calculating global exposure.

#### **34. Cash and near cash**

- 34.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
  - 34.1.1 the pursuit of the Company's investment objective; or
  - 34.1.2 redemption of Shares; or

- 34.1.3 efficient management of the Company in accordance with its investment objective; or
- 34.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of the Company.

## 35. General

- 35.1 It is envisaged that the Company will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in pursuit of the investment objective and policy, redemption of Shares, efficient management of the Company or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Company.
- 35.2 Where the Company invests in or disposes of 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 the Company 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.
- 35.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Company but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.
- 35.4 The COLL Sourcebook permits the ACD to use certain techniques when investing in derivatives in order to manage the Company's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example the Company may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. The COLL Sourcebook also permits the Company to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in the Company) under certain conditions.

## **36. Underwriting**

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

## **37. General power to borrow**

- 37.1 The Company, on the instructions of the Investment Managers, may and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property.
- 37.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.
- 37.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property.
- 37.4 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

## **38. Restrictions on lending of money**

- 38.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Company if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.
- 38.2 Acquiring a debenture is not lending for the purposes of paragraph 38.1, nor is the placing of money on deposit or in a current account.
- 38.3 Nothing in paragraph 38.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by him for the purposes of the Company (or for the purposes of enabling him properly to perform his duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.

## **39. Restrictions on lending of property other than money**

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

- 39.2 Transactions permitted by paragraph 42 (Stock lending) are not to be regarded as lending for the purposes of paragraph 39.1.
- 39.3 The Scheme Property must not be mortgaged.
- 39.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.

**40. General power to accept or underwrite placings**

- 40.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation. This section applies, to any agreement or understanding: which is an underwriting or sub-underwriting agreement, or which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Company.
- 40.2 This ability does not apply to an option, or a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 40.3 The exposure of the Company to agreements and understandings as set out above, on any Business Day be covered and be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in the COLL Sourcebook.

**41. Guarantees and indemnities**

- 41.1 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.
- 41.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 41.3 Paragraphs 41.1 and 41.2 do not apply to in respect of the Company:

- 41.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
- 41.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
- 41.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
- 41.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of shares in that scheme become the first Shareholders in the Company.

## 42. Stock lending

- 42.1 The entry into stock lending transactions for the account of the Company is permitted for the generation of additional income for the benefit of the Company, and hence for its investors.
- 42.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the “lender” to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.
- 42.3 The stock lending permitted by this section may be exercised by the Company when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the Company with an acceptable degree of risk.
- 42.4 The Company or the Depositary at the request of Company may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C),



but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty is an authorised person or a person authorised by a home state regulator, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate and otherwise must comply with the requirements of ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN).

- 42.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 42.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Company.
- 42.7 There is no limit on the value of the Scheme Property which maybe the subject of stock lending transactions.

## APPENDIX IV

### Typical Investor Profile(s)

Below is an indication of the target market of the Fund as required under MiFID II and its supplementing regulations, or the statutory equivalent thereof which forms part of UK law by virtue of the EUWA, as applicable. 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 Fund please seek advice from your professional adviser.

This Fund is suitable for all investor types whose knowledge and experience is informed or experienced, coming into the Fund from all available distribution channels.

Basic investors in particular should however be aware the fund uses derivatives for investment purposes and the risks associated, please refer to the Risk Factors section of this prospectus.

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

The Fund seeks to increase capital with a neutral stance on income growth over the long term.

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

## APPENDIX V

### List of Authorised Funds that Tutman Fund Solutions Limited acts as authorised fund manager or authorised corporate director for;

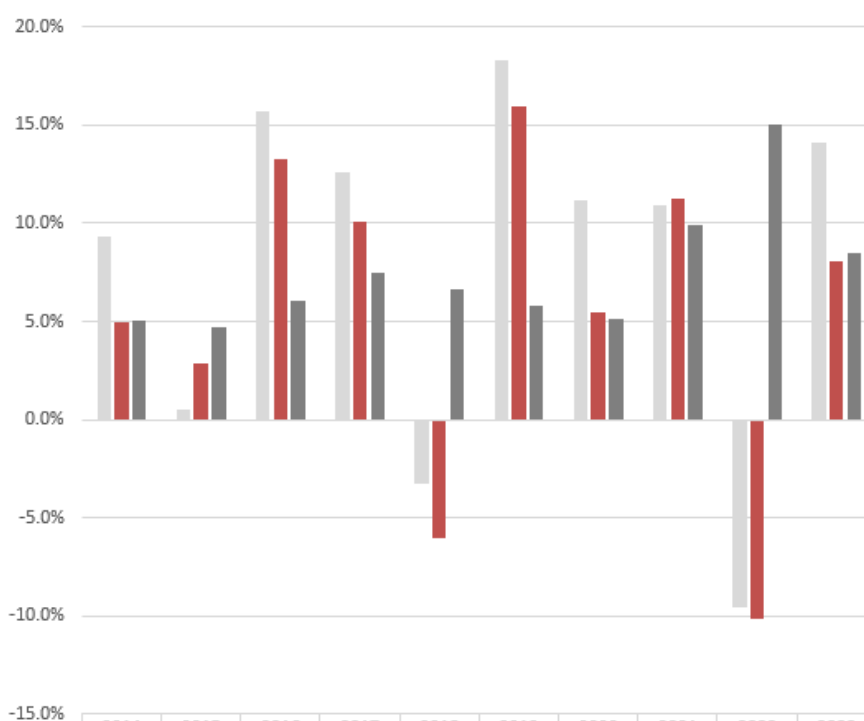
Authorised Unit Trusts	Investment Companies with Variable Capital
Dragon Trust	Bute Fund
Eagle Fund	Earlstone Fund
Evelyn Witch General Trust	Evelyn Partners Funds
Langham Trust	Evelyn Partners Investment Funds ICVC
Magnum Trust	Forest Fund ICVC
Marathon Trust	Ganymede Fund
Orchard Fund	GFS Investments Fund
Ourax Unit Trust	Glairnox Fund
Spenser Fund	Gryphon Investment Funds
SVS DW Asia Income & Growth Fund	Hercules Managed Funds
SVS Dowgate Wealth UK New Economies Fund	Issodola Fund
SVS Sanlam European Equity Fund	JC Investments Fund
SVS Sanlam Fixed Interest Fund	Kanthaka Fund
SVS Sanlam North American Equity Fund	Moorgate Funds ICVC
The Acorn Trust	New Square Investment Funds
The Alkerton Trust	Pendennis Fund ICVC
The Barro II Trust	Pharaoh Fund
The Capital Balanced Fund	Pityoulish Investments Fund
The Dream Trust	Quercus Fund
The Enterprise Trust	Sardasca Fund
The Global Opportunities Fund	Sherwood Fund
The Ilex Fund	Smithfield Funds
The Jetwave Trust	Starhunter Investments Fund
The Lancaster Trust	Stratford Place Fund
The Millennium Fund	Sussex Fund
The Plain Andrews Unit Trust	SVS AllianceBernstein UK OEIC
The Securities Fund	SVS Aubrey Capital Management Investment Funds
Worldwide Growth Trust	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 Auk Fund
	The Aurinko Fund
	The Blu-Frog Investment Fund

	<p>The Brighton Rock Fund The Cheviot Fund 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 VI

### PAST PERFORMANCE AND INVESTOR PROFILE

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



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
■ Fund	9.3%	0.5%	15.7%	12.6%	-3.3%	18.3%	11.2%	10.9%	-9.6%	14.1%
■ IA Mixed Investment 40-85% Shares Sector	5.0%	2.8%	13.3%	10.0%	-6.1%	15.9%	5.5%	11.2%	-10.2%	8.1%
■ UK CPI All Items NSA + 4.5%	5.0%	4.7%	6.1%	7.5%	6.6%	5.8%	5.1%	9.9%	15.0%	8.5%

Source: Fund - FE fundinfo 2024  
Benchmark - Morningstar

**NOTE:** Past performance should not be taken as a guide to the future. Please see Appendix I for the Company's objective and below for an explanation of investor profile.

#### Investor profile

The Company is marketable to all eligible investors provided they can meet the minimum age and subscription levels. The Company may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. It may be suitable for investors wishing to seek to achieve defined investment objectives. Such investors must have experience with, or understand, products where the capital is at risk. Investors must be able to accept some risk to their capital, thus the Company may be suitable for investors who are looking to set aside the capital for at least 5 years. If you are uncertain whether this product is suitable for you, please contact a professional adviser.

Pendennis Fund ICVC may be suitable for those investors wanting to invest in global bonds, equities, equity related instruments, collective investment schemes and money market instruments.

## **APPENDIX VII**

### **DIRECTORY**

Pendennis Fund ICVC  
Exchange Building  
St John's Street  
Chichester  
West Sussex  
PO19 1UP

**Authorised Corporate Director:**  
Tutman Fund Solutions Limited  
Exchange Building  
St John's Street  
Chichester  
West Sussex  
PO19 1UP

**Depository:**  
NatWest Trustee & Depository Services Limited  
250 Bishopsgate  
London  
EC2M 4AA

**Principal Place of Business:**  
House A, Floor 0  
Gogarburn  
175 Glasgow Road  
Edinburgh  
EH12 1HQ

**Investment Managers:**  
Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London  
EC4M 8BU

W1M Investment Management Limited  
16 Babmaes Street  
London  
SW1Y 6AH

**Registrar:**

Tutman Fund Solutions Limited  
177 Bothwell Street  
Glasgow  
G2 7ER

**Auditors:**

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