



**TM ACER FUND**

**PROSPECTUS**

**(An investment company with variable capital registered in England & Wales under registered number IC287)**

**(A UK UCITS)**

**This document is the Prospectus of TM Acer Fund (the "Fund") and is valid and dated as at 5 June 2024 and replaces any previous prospectuses issue by the Fund**

**It has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook, which forms part of the FCA Handbook, and complies with the requirements of COLL 4.2.5R.**

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

## **TM ACER FUND**

**If you are in any doubt about the contents of this Prospectus you should consult your professional adviser authorised under the Act**

TM Acer Fund is an Investment Company with Variable Capital (an "ICVC") and is a UK UCITS for the purpose of Chapter 5 of the COLL Sourcebook. The Fund is a UK UCITS established in the UK and will be marketed to the public in the UK. It is not intended that the Fund will be marketed outside the UK.

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

The Depositary is not responsible for the information contained in this Prospectus and, accordingly does not accept any responsibility for it under COLL or otherwise.

This Prospectus should be read in its entirety before making any application for Shares. If you are in any doubt about the contents of this Prospectus you should consult your professional advisor. Shares are offered on the basis of the information contained in and the documents referred to in this Prospectus.

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

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation to 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 distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted and accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and to observe such restrictions.

Prospective investors should inform themselves as to (a) the legal requirements within their own countries of residence or domicile for the purchase or holding of Shares; (b) any foreign exchange restrictions which may affect them; and (c) the income and other tax consequences which may apply in their own countries of residence or domicile relevant to the purchase, holding or disposal of Shares. Shares in the Fund are not listed on any investment exchange.

The Prospectus is based on information, law and practice at the date hereof. The Fund is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published prospectus. Neither the delivery of this Prospectus nor the offer, placement, allotment or issue of any of the Shares shall under any circumstances create any implication or constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof.

Investors should note that not all of the protections provided under their relevant regulatory regime may apply and there may be no right to compensation under such regulatory regime, if such scheme exists.

### **United States and restrictions on U.S. Persons**

The Shares have not been and will not be registered in the United States under the Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws, and the Fund has neither been nor will be registered in the United States under the Investment Company Act of 1940, as amended (the "1940 Act"), and Shareholders will not be entitled to the benefits of such registration. Accordingly, except as provided below, no Shares may be offered or sold, directly or indirectly, in the United States, any state thereof or its territories or possessions or to any U.S. person. The ACD may authorise the offer and sale of Shares in the United States or to a limited number or category of U.S. persons provided that, if so authorised, Shares will be offered and sold only to such persons and in such manner as will not require registration of the Fund or the Shares under the securities laws of the United States or any state thereof. The Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor has any such authority passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus as may be amended or supplemented from time to time. Any representation to the contrary is a criminal offence. Certain restrictions also apply to subsequent transfers of Shares in the United States or to U.S. persons (please see the compulsory redemption provisions under Section 17 entitled "Restrictions and Compulsory Transfer and Redemption" of the Prospectus). Should a Shareholder become a U.S. person they may be subject to adverse tax consequences including without limitation U.S. withholding taxes and tax reporting.

Applicants will be required to certify that they are not U.S. persons precluded from purchasing, acquiring or holding Shares.

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## Definitions

In this Prospectus the following words and expressions shall have the following meanings.

Term	Definition
Accumulation Share(s)	Shares (of whatever class) in the Fund as may be in issue from time to time in respect of which income allocated to such Shares is credited periodically to capital pursuant to the FCA Rules.
ACD	Thesis Unit Trust Management Limited, the authorised corporate director of the Fund.
Act	The Financial Services and Markets Act 2000 as amended, restated.
Active/Actively Managed	An investment management technique where judgement is employed based on analysis to select Fund holdings in an attempt to deliver targeted performance.
Administrator	Northern Trust Global Services SE, UK Branch, or such other entity as is appointed to act as administrator and Fund Accountant to the Fund from time to time.
Approved Bank	<p>(in relation to a bank account opened for the Fund):</p> <p>(a) if the account is opened at a branch in the UK:</p> <ul style="list-style-type: none"> <li>(i) the Bank of England; or</li> <li>(ii) the central bank of a member state of the OECD; or</li> <li>(iii) a bank; or</li> <li>(iv) a building society; or</li> <li>(v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li> </ul> <p>(b) if the account is opened elsewhere:</p> <ul style="list-style-type: none"> <li>(i) a bank in (a); or</li> <li>(ii) a bank which is regulated in the Isle of Man or the Channel Islands; or</li> </ul>

	<p>(c) a bank supervised by the South African Reserve Bank; or</p> <p>(d) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator.</p> <p>as such definition may be updated in the FCA Glossary from time to time.</p>
Benchmarks Regulation	As defined in the FCA Glossary.
Bond(s)	An investment taking the form of a loan, usually to a company or government, that pays interest. There are many different types of bonds with specific characteristics; examples include inflation-linked, convertible, asset-backed and mortgage-backed.
Business Day	A weekday being Monday to Friday (excluding any public or bank holiday in England)
CASS	The requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook, as amended or replaced from time to time.
CCP	As defined in the FCA Glossary.
COLL Sourcebook and COLL	The Collective Investment Schemes Sourcebook, and the appropriate chapter, or rule, in the COLL Sourcebook, published by the FCA, as part of their Handbook made under the Act as may be amended or replaced, from time to time .
Creditworthiness	An assessment of the ability of a borrower to repay debt. Typically refers to the perceived riskiness of Bonds issued by companies or governments.
Custodian	The person who provides custodian services to the Fund, being The Northern Trust Company, London Branch, and its successor or successors as custodian.
Data Protection Laws	<p>All applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances:</p> <p>(a) the UK GDPR;</p> <p>(b) the Data Protection Act 2018;</p> <p>(c) any laws which implement any such laws;</p>

	<p>(d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus); and</p> <p>(e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws.</p>
Dealing Day	Any day on which banks in London are open for business other than days (as determined by the ACD in its discretion) where, in respect of any exchange or market on which a substantial portion of the Fund's portfolio is traded, such exchange or market is closed.
Depository	The person to whom is entrusted the safekeeping of all of the Scheme Property of the Fund (other than certain Scheme Property designated by the FCA Rules), being NatWest Trustee and Depository Services Limited and its successor or successors as depository.
Depository Agreement	The agreement between the Fund, the ACD and the Depository regarding the appointment of the Depository.
Derivative	Financial Instruments whose value depends in some way on the value of other, more basic, underlying financial assets or indices. They may commonly relate to the value of particular equities or markets more broadly, commodities like oil or grain, but also interest rates, inflation and volatility. There are many types of derivatives, with the most common being Swaps, Futures and Options.
Diversification	Holding a variety of investments that typically perform differently from one another with the intention of smoothing the Fund's performance profile.
Duration	A measure of sensitivity to the effect of changes in interest rates on the value of Bonds. Individual Bonds or Bond Funds with high duration are more sensitive than those with low duration.
EEA	The European Economic Area.
EEA State	A member state of the EEA.
Efficient Portfolio Management or EPM	The use of instruments and techniques to reduce risk or cost to the Fund or to generate additional capital or income with a level of risk which is consistent with the risk profile of the Fund and with the risk diversification rules laid down in the COLL sourcebook.
Eligible Institution	As defined in the FCA Glossary.



Emerging Markets	Countries that are progressing towards becoming advanced, usually shown by some development in financial markets, the existence of some form of stock exchange and a regulatory body.
EMIR	As defined in the FCA Glossary.
EU	The European Union.
EUWA	The European Union (Withdrawal) Act 2018.
FCA	The Financial Conduct Authority of 12 Endeavour Square, London E20 1JN or any other regulatory body which may assume its regulatory responsibilities from time to time.
FCA Glossary	The glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time.
FCA Handbook	The FCA Handbook of rules and guidance including COLL made under the Act.
FCA Rules	The rules contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements contained in COLL.
Financial Instruments	As defined in the FCA Glossary.
Fund Accountant	The person who provides Fund accounting services, being Northern Trust Global Services SE, UK branch and its successor or successors as fund accountant.
Futures	Futures are financial contracts obligating the buyer to purchase an asset or the seller to sell an asset, such as a physical commodity or a financial instrument, at a predetermined future date and price.
Home State	As defined in the FCA Glossary.
Income Shares(s)	Shares (of whatever class) in the Fund as may be in issue from time to time in respect of which income allocated to such Shares is distributed periodically to the holders of such Shares pursuant to the FCA Rules.
Instrument of Incorporation	The instrument of incorporation of the Fund, as amended from time to time.
International Tax Compliance Regulations	The International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time.

Investment Managers	Evelyn Partners Asset Management Limited;  Charles Stanley & Co Limited; and  Evelyn Partners Investment Management LLP,  (and reference to "Investment Manager" shall mean such one of them as appropriate in the context).
Investment Grade/High Yield	Refers to the credit quality of a Bond (a loan to a company or government). Investment grade Bonds have a higher rating as judged by a Rating Agency than high yield Bonds and are thus judged to be less likely to default on their obligations to repay the loan and the interest on it. To compensate for the higher risk, high yield Bonds pay a higher rate of interest than investment grade Bonds.
Leverage	An increase in exposure within a Fund either through borrowing cash to Fund asset purchases or the use of derivatives. In the case of the latter, leverage occurs because the exposure obtained by purchasing derivatives exceeds the cash cost of the derivative itself.
Liquidity	The degree to which an investment can be quickly bought or sold on a market without it materially affecting its price.
Money-Market Instruments	Investments usually issued by banks or governments that are a short-term loan to the issuer by the buyer. The buyer receives interest and the return of the original amount at the end of a certain period.
Net Asset Value or NAV	The value of the Scheme Property of the Fund less the liabilities of the Fund as calculated in accordance with the instrument of incorporation.
Non-UCITS retail scheme	an authorised fund which is not a UK UCITS, a qualified investor scheme or a long-term asset fund.
OECD	The Organisation for Economic Co-operation and Development.
OEIC Regulations	The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended or re-enacted from time to time.
Options	Options are similar to Futures; however instead of being obliged to buy/sell something at a pre-determined date, the Fund is buying the option to buy/sell something during a period of time or on a specific date.
Performance Target	Refers to a level of performance which the Investment Managers have in mind when managing a particular Fund. Usually expressed by reference to an index or as a particular value. Although the Investment Managers aim to achieve the

	performance target, there is no certainty this will be achieved.
Rating Agency	A rating agency is a company that assesses the financial strength of companies and government regarding their ability to make interest payments and ultimately repay debts, particularly Bonds, they have issued.
Register	The register of Shareholders of the Fund.
Registrar	Northern Trust Global Services SE, UK branch and its successor or successors as registrar of the Fund.
Repo	An agreement between two parties, one of which is the Fund, to sell or buy an asset and later reverse the trade at a pre-agreed date and price.
Rolling	Refers to periods of time which are of a consistent length and which continually move (or "roll") forward as time elapses. So "rolling three-year periods" refers to a period of time going back three years from a given date, where the given date moves forward by 1 day every day.
Scheme Property	As defined in the FCA Glossary.
SDRT	Stamp duty reserve tax.
Shares	A Share or Shares in the Fund.
Shareholders	A holder of registered Shares in the Fund.
Short Position	A short position refers to transactions in assets which are expected to benefit from a fall in the value of the asset.
SRRI	Synthetic Risk and Reward Indicator; as used in Key Investor Information Documents, this is a measure of Fund risk represented by a 1 to 7 scale where "1" represents the lowest and "7" the highest risk, based on historic Fund price volatility.
Swaps	A swap is a derivative contract through which two parties exchange the cash flows or liabilities from two different Financial Instruments.
SYSC	The rules contained in the Senior Management Arrangements, Systems and Controls sourcebook published by the FCA as part of their handbook of rules made under the Act.
UCITS	An Undertaking for Collective Investment in Transferable Securities. This will include a UCITS scheme or an EEA UCITS, each as defined in the FCA Glossary.

UCITS Directive	Means the European Parliament and Council Directive of 13 July 2009 on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC), as amended.
UK	The United Kingdom of Great Britain and Northern Ireland.
UK AIF	As defined in the FCA Glossary.
UK GDPR	Regulation 2016/679 of the European Parliament and of the Council of 27 <sup>th</sup> April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained European Union law by virtue of section 8 of the EUWA (as may be amended from time to time) following the UK's withdrawal from the European Union.
UK UCITS	As defined in the FCA Glossary.
UK UCITS Regulations	Means the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 SI 2019/325 incorporating European directives or other European legislation relating to undertakings for collective investment in transferable securities into UK domestic law following the UK's withdrawal from the European Union.
United States	The United States of America (including the states thereof and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.
U.S. Person(s)	<p>Means a person who is in either of the following two categories:</p> <p>(a) a person included in the definition of "U.S. person" under Rule 902 of Regulation S under the 1933 Act; or</p> <p>(b) a person excluded from the definition of a "Non-United States person" as used in Commodity Futures Trading Commission ("CFTC") Rule 4.7.</p> <p>For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if they are outside both the definition of "U.S. person" in Rule 902 and the definition of "Non-United States person" under CFTC Rule 4.7.</p>

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 of the Fund at 12 noon on each dealing day for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed.
VAT	Value added tax.
1933 Act	The United States Securities Act of 1933 (as may be amended or re-enacted).
1940 Act	The United States Investment Company Act of 1940 (as may be amended or re-enacted).

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

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

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

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

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

## 1. **THE FUND**

- 1.1 The Fund is a UK UCITS established in the UK and will be marketed to the public in the UK. It is not intended that the Fund will be marketed outside the UK. TM Acer Fund is a standalone investment company with variable capital, incorporated in England and Wales under registered number IC000287 and is authorised and regulated by the FCA. The effective date of the authorisation order for the Fund made by the Financial Services Authority (the predecessor of the FCA) was 17 December 2003.
- 1.2 The head office and registered office of the Fund is at Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. This is the address in the UK for service on the Fund of notices or other documents required or authorised to be served on it.
- 1.3 The base currency of the Fund is Pounds Sterling.
- 1.4 The maximum Share capital of the Fund is currently £100,000,000,000 and the minimum is £100. Shares in the Fund have no par value and therefore the Share capital of the Fund at all times equals the Fund's current net asset value.
- 1.5 Shareholders in the Fund are not liable for the debts of the Fund.
- 1.6 The Fund has been established as a UK UCITS. Its FCA Product Reference Number is 229436. On the establishment of a new Share class an updated prospectus will be prepared setting out the relevant information concerning the new Share class.

## 2. **INVESTMENT OBJECTIVE AND POLICY AND OTHER SUMMARY DETAILS**

### 2.1 **Investment Objective**

To generate growth over the long term (Rolling 5-year periods) by investing in a diversified portfolio.

Performance Target: To exceed the ARC Private Client Indices (PCI) Steady Growth Net Return Index per annum after charges over Rolling 3-year periods. The Performance Target is the level of performance that the Investment Managers hope to achieve for the Fund. There is however no certainty or promise that they will achieve the Performance Target.

The ACD believes this is an appropriate Performance Target for the Fund since it reflects the risk and return profile that private clients expect and aligns with the investment policy of the Fund.

## **Investment Policy**

### **Portfolio Securities**

- (a) The Fund invests both directly and indirectly (through collective investment schemes), at least 70% in global equities, corporate Investment Grade Bonds and government Bonds issued anywhere in the world, in any ratio.
- (b) The Fund may hold other securities and asset classes (e.g. supranational and other types of Bonds and listed real estate) issued anywhere in the world.
- (c) The Fund may also invest in other Funds (including those managed by Thesis Unit Trust Management Limited), money-market instruments and cash.

### **Management Process**

- (d) The Investment Managers use their discretion (active management) to identify holdings based on an analysis of global economic and market conditions (for example, interest rates and inflation) and analysis of a company's prospects and Creditworthiness compared to that of the market.
- (e) They focus on selecting companies and Bonds and ensuring that the allocation of assets meets the Fund's objectives.

### **Derivatives and Techniques**

- (f) The Fund may use derivatives to reduce risk, reduce cost and/or generate additional income or growth consistent with the risk profile of the Fund in accordance with the FCA Rules (often referred to as "efficient portfolio management").
- (g) Derivative usage in the Fund is expected to be limited. Where derivatives are used, this would mainly be to manage expected changes in interest rates, companies Share prices, currencies or Creditworthiness of corporations or governments.
- (h) The Fund may also invest in other funds which may use derivatives extensively although these investments shall be in line with Fund's overall risk profile.

### **Specific Risks (for more details see Section 24)**

**All general investment risks apply however for this Fund investors should specifically be aware of the following:**

- Equity risk
- Credit risk
- Interest rate risk
- Emerging Markets risk
- derivatives risk
- high yield credit risk

### **Target Market**

- Investors with basic investment knowledge.
- Investors who can accept large short term losses.
- Investors wanting a return (growth) over the longer term (5 years or more).
- The Fund has specific and generic risks with a risk rating as per the SRRI number, all detailed on the Key Investor Information Document.
- For general sale to retail and professional investors through all distribution channels with or without professional advice.

## **3. FUND STRUCTURE**

3.1 The assets of the Fund will be invested in accordance with the investment objective and investment policy set out at above. The eligible securities and derivatives markets on which the Fund may invest are set out in Appendix 3 and Appendix 4 respectively.

3.2 The Fund will be charged with the liabilities, expenses, costs and charges of the Fund and charges will be allocated between Share classes in accordance with the terms of issue of those Share classes.

## **4. SHARES**

4.1 The Instrument of Incorporation allows for the issue of income Shares and Accumulation Shares. The Fund currently has one class, being Sterling income Shares. At present, there are no plans to issue any additional Share classes.



- 4.2 The minimum initial investment for the Sterling Income Share class is £100,000. This minimum initial investment may be waived by the ACD at its discretion.
- 4.3 Holders of Accumulation Shares are not entitled to be paid the income attributable to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the Fund at the end of the relevant distribution period and is reflected in the price of an accumulation Share.
- 4.4 Holders of income Shares are entitled to be paid the income attributed to such Shares on the relevant interim and annual allocation dates.
- 4.5 In the event that, in future, the Fund has different classes, each class may attract different charges and expenses and so monies may be deducted from classes in unequal proportions. In these circumstances the proportionate interests of the classes within the Fund will be adjusted accordingly.
- 4.6 When available, Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a class of the Fund for Shares in another class of the Fund. Details of this switching facility and the restrictions are set out in Section 13.

## 5. **MANAGEMENT AND ADMINISTRATION**

### 5.1 **Regulatory Status**

The ACD and each of the Investment Managers are authorised and regulated by the FCA. The Depositary is established in the UK and is authorised and regulated by the FCA to act as trustee/depositary of a UK UCITS or a UK AIF.

### 5.2 **ACD**

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

Registered office and head office:

Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP

It has share capital of £5,673,167 issued and paid up.

The Directors of Thesis Unit Trust Management Limited are:

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

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

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

In performing its role of ACD of the Fund, the ACD may delegate such of its functions as it may determine from time to time subject to the COLL Sourcebook. The ACD has delegated the following functions to the parties listed below:

5.2.3.1 investment management to the Investment Managers

5.2.3.2 registration to the Registrar, and

5.2.3.3 administration to the Administrator.

For the avoidance of any doubt, the Depositary, the Custodian and the Auditor are not service suppliers to the ACD or its delegates. Fees and expenses payable to these parties are payable directly from the Fund.

### **Terms of Appointment**

The terms of the Agreement dated 16 April 2020 between the Fund and the ACD (the "ACD Agreement") provide that the ACD manage and administer the Fund in accordance with the Act and the OEIC Regulations, the Instrument of Incorporation and the contents of this Prospectus.

The ACD is entitled to receive preliminary and annual remuneration as set out in Section 26.

The ACD Agreement may be terminated by either party on not less than six months' written notice or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Fund or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Fund on its part. The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations.

The ACD may act as authorised Fund manager to other regulated collective investment schemes. Details of these schemes, as at the date of this Prospectus, are set out in Appendix 7.

### 5.3 **The ACD's Remuneration Policy**

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

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

## 6. **THE DEPOSITARY**

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

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

The Depositary's registered and head office is at 250 Bishopsgate, London EC2M 4AA. The address of its office which handles matters relating to the Fund is set out in the Directory in this Prospectus.

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

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

### 6.1 **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.

### 6.2 **Terms of Appointment**

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

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

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

Under the Depositary Agreement the Depositary has the power to appoint sub-custodians and may include in such appointment powers to sub-delegate. The Depositary has delegated custody of the Scheme Property to The Northern Trust Company (the 'Custodian'). Contact details for the Custodian are set out in the Directory. The Custodian has, in turn, sub-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 set out in Appendix 6. Investors should note that the list of sub-custodians is updated only at each Prospectus review.

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

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

The Depositary Agreement may be terminated on 6 months' notice by the Fund, the Depositary or the ACD or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new depositary has taken place.

Details of the fees payable to the Depositary are given in paragraph 28 titled "Depositary Fee".

### 6.3 **Conflicts of Interest**

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

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Fund

or a particular sub-Fund, one or more Shareholders, the ACD and/or other Funds managed by the ACD or other Funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Rules and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

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

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

#### 6.4 **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.

#### 6.5 **Termination**

The Depositary Agreement provides that appointment of the Depositary may be terminated by either party on not less than 6 months' prior written notice to the other party. Termination cannot take effect until a successor depositary has been appointed.

### 7. **THE INVESTMENT MANAGERS**

The ACD has appointed the following to provide discretionary management services to the ACD:

- Evelyn Partners Asset Management Limited, of 45 Gresham Street, London EC2V 7BG;
- Charles Stanley & Co Limited, of 55 Bishopsgate, London EC2N 3AS; and
- Evelyn Partners Investment Management LLP, of 45 Gresham Street, London EC2V 7BG.

### 7.1 **Principal Business Activity**

The principal activity of each Investment Manager is discretionary investment management.

### 7.2 **Authorisation**

Each investment manager is authorised and regulated by the FCA.

### 7.3 **Terms of Appointment**

The ACD has entered into an agreement with each investment manager with effect from 1 May 2020 (each an "**Investment Management Agreement**").

Each Investment Management Agreement will reflect any requirements of the FCA Rules relating to termination and otherwise can be terminated on not less than 3 months' notice. Each Investment Management Agreement may be terminated immediately by the ACD if it is in the interests of investors.

Each Investment Manager has full authority to make all investment decisions on behalf of the ACD concerning the Scheme Property of the Fund which is managed by it.

### 7.4 **Order Execution Policy**

Each Investment Manager has established and implemented an order execution policy to allow it to obtain the best possible results for the Fund. A copy of each Investment Manager's execution policy is available on request from the ACD or may be available from each investment manager's website, listed in the Directory.

## 8. **THE AUDITORS**

The auditors of the Fund are KPMG LLP, St Vincent Plaza, 319 St Vincent Street, Glasgow, G2 5AS.

## 9. **REGISTRAR, ADMINISTRATOR AND FUND ACCOUNTANT**

9.1 The ACD has delegated the following functions to Northern Trust Global Services SE, UK branch; the function of registrar relating to the Register (as the Registrar) and certain administrative and Fund accountancy functions as administrator to the Fund (as the administrator and Fund accountant).

9.2 The Register is maintained by Northern Trust Global Services SE, UK branch.

9.3 The Register is kept at the offices of Northern Trust Global Services SE, UK branch at 50 Bank Street, Canary Wharf, London, E14 5NT and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

- 9.4 The ACD makes a charge in respect of Registrar functions. This registration charge is payable out of the Scheme Property.

10. **BUYING, REDEEMING AND SWITCHING SHARES**

The dealing office of the ACD is open between 9.00 am and 5.00 pm on each normal business day to receive requests for the purchase, redemption and switching of Shares, by telephone or in writing. In addition, the ACD may from time to time make arrangements to allow Shares to be bought or sold on-line or through other communication media, including transfer of title by electronic communications.

**Client Money**

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

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

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

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

The ACD will not be responsible for any loss or damages suffered by Shareholders because of any error or action taken or not taken by any third parties holding client money in accordance with the FCA's client money rules, unless the loss arises because the ACD has been negligent or acted fraudulently or in bad faith. Should the recognised bank or banks holding the client money bank account become insolvent, the ACD will attempt to recoup the money on behalf of Shareholders. However, if the recognised bank or banks cannot repay all the persons to whom it owes money, any shortfall may have to be shared proportionally between all its creditors including Shareholders. In this situation, Shareholders may be eligible to claim under the Financial Services Compensation Scheme ("FSCS"). Further information about compensation arrangements is available from the ACD on request or from the FSCS at:

The Financial Services Compensation Scheme  
10th Floor  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7QU

Telephone: 0800 678 1100 or 020 7741 4100

Website: [www.fscs.org.uk](http://www.fscs.org.uk)

The ACD may, in certain circumstances permitted by the FCA's client money rules (for example if the ACD decides to transfer all or part of its business to a third party), transfer any client money held in respect of the business being transferred in accordance with the FCA's client money rules, to that third party without that investor's prior consent. On request, the third party must return any balance of client money to the investor as soon as possible. Subject to the FCA's client money rules, the sums transferred may be held by the third party in accordance with the FCA's client money rules, otherwise the ACD will exercise all due skill, care and diligence to assess whether the third party has adequate measures in place to protect Shareholder money. The ACD will act at all times in accordance with the prevailing FCA's Client Money Rules.

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



Unless we notify you otherwise, we will treat you as a retail client.

## 11. **PURCHASING SHARES**

### 11.1 **Non-accountability for profits**

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

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

### 11.2 **Procedure**

Shares can be purchased by sending a completed application form or clear written instructions to the administrator, through electronic communications or by obtaining an application form by telephoning the ACD's Customer Enquiry Line on 0333 300 0375.

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.

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

An applicant may have the right to cancel their application to purchase Shares in which case they will be sent a cancellation notice by the ACD and may then cancel their application 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.

Ownership of Shares will be evidenced by an entry on the Register. Statements in respect of periodic distributions on Shares will show the number of Shares held by the recipient. 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. Payment for the Shares is due and payable to the ACD in settlement of the purchase on the Fund's "Settlement Date" (as detailed below). Until payment has been passed on by the ACD to the depository, an investor will not have an irrevocable right of ownership in the Shares.

### 11.3 **Documents the purchaser will receive**

A contract note giving details of the Shares purchased and the price used will be issued by the end of the business day following the later of receipt of the application to purchase Shares or the Valuation Point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel.

Share certificates will not be issued in respect of Shares. Once Shares have been purchased, the ACD will enter the name of the investor on the Register.

### 11.4 **Minimum subscriptions and holdings**

The minimum initial and subsequent subscription levels for the Fund are set out in Appendix 1. The ACD may at its discretion, in what it considers to be special circumstances, accept subscriptions lower than the minimum amount.

If following a redemption, a holding is below the minimum holding, the ACD has the discretion to require redemption of the entire holding.

### 11.5 **Dealing as Principal**

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

## 12. **REDEEMING SHARES**

### 12.1 **Procedure**

Every Shareholder has the right to require that the Fund redeem their Shares unless the value of Shares which a Shareholder wishes to redeem will mean that the Shareholder will hold Shares with a value less than the required minimum holding for the Fund, in which case the Shareholder may be required to redeem their entire holding.

Requests to redeem Shares may be made to the ACD by telephone 0333 300 0375 (although the request must be confirmed in writing) or in writing to the ACD.

On the redemption of Shares, the Register will be updated and the relevant holdings removed. Payment in satisfaction of the redemption monies will be sent by BACS 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 appropriate evidence of title, and (b) the Valuation Point following receipt by the ACD of the request to redeem. Money received by the ACD in the form of redemptions, cheques or other remittances is paid directly into a client money account maintained by the ACD with an Approved Bank and protected in line with the Client Money Rules. No interest is payable by the ACD on moneys credited to this account.

## 12.2 **Settlement Date**

For the Fund, the Settlement Date is no later than close of business on the fourth business day following the "transaction date". The length of time to settlement can at times be referred to as "T + [number]" where "T" stands for "transaction date". The transaction date is the date on which the ACD implements an instruction to buy or sell. The Settlement Date is the date on which ownership of the Shares is transferred and when money passes. For the purposes of settlement "business day" shall (notwithstanding any other definition of "business day" within this Prospectus) mean any day that the London Stock Exchange is open other than a weekend day, bank holiday or any other special concessionary holiday or other day that the London Stock Exchange is not operating normal business hours.

By way of example, if an investor instructs the ACD in writing to purchase Shares at 09.00 on a Monday (and assuming that all the relevant days are "business days"), the Shares will be purchased at the following valuation point (in this case 12 noon on Monday). Monday will be the transaction date, and Friday, on a T+4 settlement basis, would be the Settlement Date when payment for the Shares is due and payable. Settlement in the Fund will be on a T+4 basis.

Where the ACD believes that a reliable price cannot be established as at the valuation point, dealing in the Fund may be suspended temporarily. See the "Suspension of Dealing" Section on page 27 below for information regarding the possibility of a temporary suspension of dealing.

The ACD may at its discretion delay arranging for the issue of Shares until payment has been received.

If an applicant defaults in making any payment in money or a transfer of property due to the ACD in respect of the sale or issue of Shares, the subscription for the purchase of those Shares may lapse and be cancelled at the cost of the applicant or its financial intermediary. The Fund is entitled to make any necessary amendment to the Register in which case the ACD will become entitled to the

Shares in place of the applicant, (subject in the case of an issue of Shares to the ACD's payment of the purchase price to the Fund).

Failure to make good settlement by the Settlement Date may result in the ACD bringing an action against the applicant or its financial intermediary or deducting any costs or losses incurred by the ACD against any existing holding of the applicant in the Fund. In all cases any money returnable to the investor will be held by the ACD without payment of interest pending receipt of the monies due.

### 12.3 **Documents the redeeming Shareholder will receive**

A contract note giving details of the number and price of Shares sold will be sent to the selling Shareholder (or the first named Shareholder, in the case of joint Shareholders) together (if sufficient written instructions have not already been given) 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) not 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 redemption price is determined.

### 12.4 **Minimum redemption**

Part of a Shareholder's holding may be sold but the ACD reserves the right to refuse a redemption request if the value of the Shares in the Fund to be redeemed is less than the minimum stated in respect of the appropriate class in question in the Fund.

### 12.5 **Deferred redemption**

The ACD may defer redemptions in times of high redemptions. For this purpose "high redemptions" are redemptions that at a Valuation Point on any given business day exceed 10% of the Fund's net asset value.

The ability to defer redemptions is intended to protect the interests of Shareholders remaining in the Fund and will give the ACD, in times of high redemptions, the ability to defer redemptions at a particular Valuation Point on a dealing day to the Valuation Point on the next dealing day. This is intended to allow the ACD to match the sale of Scheme Property to the level of redemptions. Subject to the COLL Sourcebook and to sufficient Liquidity being raised at the next Valuation Point all deals relating to the earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

## 13. **SWITCHING**

13.1 When more than one class of Shares is in issue a holder of Shares in the Fund may at any time switch all or some of their Shares of one class ("Old Shares") for Shares of another class ("New Shares"). The number of New Shares issued will be

determined by reference to the respective prices of New Shares and Old Shares at the Valuation Point applicable at the time the Old Shares are repurchased and the New Shares are issued.

- 13.2 Switching may be effected either by telephone on 0333 300 0375 (although the request must be confirmed in writing) or in writing to the ACD and the Shareholder may be required to complete a switching form (which, in the case of joint Shareholders must be signed by all the joint holders).
- 13.3 There is no fee on a switch between Share classes of the Fund.
- 13.4 If the switch would result in the Shareholder holding a number of Old Shares or New Shares of a value which is less than the minimum holding in the Fund, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Old Shares to New Shares or refuse to effect any switch of the Old Shares. No switch will be made during any period when the right of Shareholders to require the redemption of their Shares is suspended. The general provision on procedures relating to redemption will apply equally to a switch. A duly completed switching form must be received by the ACD before a Valuation Point in the Fund or at such other date as may be approved by the ACD. Switching requests received after a Valuation Point will be held over until the next Valuation Point.
- 13.5 The ACD may adjust the number of New Shares to be issued to reflect the imposition of any switching fee together with any other charges or levies in respect of the issue or sale of the New Shares or repurchase or cancellation of the Old Shares as may be permitted pursuant to the COLL Sourcebook.
- 13.6 A switch of Shares between different Share classes in the Fund will not generally be deemed to be a realisation for the purposes of capital gains taxation.

#### 14. **DEALING CHARGES**

The price per Share at which Shares are bought or redeemed is the net asset value per Share. Any entry charge, redemption or dilution levy is payable in addition to the price.

##### 14.1 **Entry Charge**

The ACD may impose a charge on the purchase of Shares each time new or further Shares are purchased in the Fund.

The current entry (or initial) charge that may be levied in respect of the available classes of Share in the Fund is set out in Appendix 1 above as a percentage of the amount invested by a prospective Shareholder. The entry charge is payable to the

ACD. The ACD will deduct the entry charge from the amount invested by a prospective Shareholder before investing the rest.

#### 14.2 **Redemption Charge**

The ACD may make a charge on the redemption of Shares. At present no redemption charge is levied. Shares issued while this Prospectus is in force will not be subject to any redemption charge in the future.

The ACD may not introduce a redemption charge on Shares unless, not less than 60 days before the introduction, it has given notice in writing of that introduction and has revised and made available the Prospectus to reflect the introduction and the date of its commencement.

In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

### 15. **OTHER DEALING INFORMATION**

#### 15.1 **Dilution Adjustment**

15.1.1 When the Fund buys or sells underlying investments in response to a request for subscription or redemption of Shares, it will generally incur a cost, made up of dealing costs and any spread between the buying and selling prices of the investment concerned.

15.1.2 The ACD will apply a dilution charge to prevent dilution of the Fund as explained above and in the scenarios listed below. Rather than reduce the effect of dilution by making a separate charge to investors when they buy or sell Shares in the Fund, the FCA's regulations permit the ACD to move the price at which Shares are bought or sold on any given day. The single price can be swung higher or lower at the discretion of the ACD. This price movement from the basic mid-market price is known as a 'Dilution Adjustment'. The amount of the adjustment is paid into the Fund for the protection of existing/continuing Shareholders. Any dilution adjustment applied is included in the price applied to the deal.

15.1.3 The Dilution Adjustment shall make such reasonable allowance as the ACD determines is appropriate for the typical market spread of the value of the assets of the Fund and the related costs of acquisition or disposal of these assets.

15.1.4 Where the Fund invests in another Fund, unit trust, an open-ended investment company or any other collective investment scheme ('a collective investment vehicle'), the ACD may base the calculation of that part of the Dilution Adjustment

relating to that investment on the calculation of the Dilution Adjustment on a look-through to the underlying assets of that collective investment vehicle.

15.1.5 The ACD's policy will be to normally impose a Dilution Adjustment where there are net inflows or outflows on any given day, exceeding a level where the estimated potential cost to the Fund justifies its application.

15.1.6 The Dilution Adjustment may also be charged:

- (a) where the Fund is in continual decline;
- (b) on the Fund experiencing large levels of net sales relative to its size;
- (c) in any other case where the ACD is of the opinion that the interests of Shareholders require imposition of a Dilution Adjustment.

15.1.7 Where a Dilution Adjustment applies to the Fund at a valuation point:

- (i) if there is a net investment in the Fund at that valuation point, the Share price may (but will not always) be increased to allow for the rate of Dilution Adjustment; and
- (ii) if there is a net divestment in the Fund at the valuation point, the Share price may (but will not always) be decreased to allow for the amount of the Dilution Adjustment.

As dilution is directly related to the inflows and outflows of monies into and from the Fund, it is not possible to predict accurately whether dilution will occur at any future point in time. Consequently, it is also not possible to predict accurately how frequently the ACD will need to make such a dilution adjustment. The rate of any dilution adjustment made from time to time will differ for the Fund and be dependent on dealing spreads, commissions and taxes and duties arising on the purchase or sale of the Scheme Property of the Fund. These estimated rates may differ in practice.

The number of days on which a dilution Adjustment has been applied between 1 April 2023 and 31 March 2024 is nil..

## **15.2 In Specie Redemptions**

If a Shareholder requests the redemption or cancellation of Shares the ACD may, where it considers the deal to be substantial in relation to the total size of the Fund concerned, arrange that in place of payment of the price of the Shares in cash, the Fund cancels the Shares and transfers Scheme Property or, if required by the Shareholder, the net proceeds of sale of relevant Scheme Property, to the Shareholder.

Before the proceeds of the cancellation of Shares become payable, the ACD must give written notice to the Shareholder, not later than the close of business on the second day following the day of receipt of the request, that the Scheme Property or the proceeds of sale of Scheme Property will be transferred to that Shareholder. Where such a notice is served on a Shareholder, the Shareholder may serve a further notice on the ACD not later than the close of business on the fourth business day following the day of receipt by the Shareholder of the first mentioned notice, requiring the ACD instead of arranging for a transfer of Scheme Property, to arrange for a sale of that property and the payment to the Shareholder of the net proceeds of that sale.

The ACD will select the Scheme Property to be transferred in consultation with the depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting cancellation/redemption than to the continuing Shareholders. The Fund may retain out of the Scheme Property to be transferred (or the proceeds of sale) property or cash of value or amount equivalent to any stamp duty or stamp duty reserve tax (if any) to be paid in relation to the cancellation of the Shares.

### **15.3 Issue of Shares in Exchange for In Specie Assets**

The ACD may arrange for the Fund to issue Shares in exchange for assets other than money, but will only do so where the depositary is satisfied that the Fund'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 or potential Shareholders.

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

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

### **15.4 Electronic Communications**

- (a) The ACD will accept instructions to transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the Shareholder, or delivered on their behalf by a person that is authorised by the FCA or regulated in another jurisdiction by an equivalent supervisory authority, subject to:
- (b) Prior agreement between the ACD and the person making the communication as to:



- (i) the electronic media by which such communications may be delivered; and
- (ii) how such communications will be identified as conveying the necessary authority; and
- (c) 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.

## **16 MONEY LAUNDERING**

As a result of legislation in force in the UK to prevent money laundering, persons conducting investment business are responsible for compliance with anti-money laundering regulations. In order to implement these procedures we may need to undertake an electronic identity verification process. In certain circumstances investors may be asked to provide additional documentation when buying or redeeming Shares. Until satisfactory proof of identity is obtained, 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.

## **17 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 Fund incurring any liability to taxation which the Fund is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, among other things, reject in its discretion any application for the purchase, redemption or switching of Shares and shall be entitled compulsorily to redeem and cancel any Shares held or beneficially owned by such a Shareholder in contravention of these restrictions.

Where a person becomes aware that they are holding Shares in contravention of the restrictions set out above, such person shall immediately notify the ACD and immediately redeem their Shares or transfer them to a person eligible to hold the Shares.

## **18 SUSPENSION OF DEALINGS IN THE FUND**

- 18.1 The ACD may, with the agreement of the depositary, or must if the depositary so requires, temporarily suspend, without notice to Shareholders, the issue, cancellation and redemption of Shares in the Fund, if the ACD (or the depositary)

is of the opinion that due to exceptional circumstances there is good and sufficient reason to do so having regard to the interests of Shareholders or potential Shareholders. The ACD and the depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

- 18.2 Re-calculation of the Share price for the purpose of sales and purchases will commence on the next relevant Valuation Point following the ending of the suspension.

## **19 GOVERNING LAW**

### **20 ALL DEALS IN SHARES ARE GOVERNED BY ENGLISH LAW. VALUATION OF THE FUND**

The price of a Share in the Fund is calculated by reference to the net asset value of the Fund. Shares in the Fund are single priced. The net asset value per Share of the Fund is calculated at the Valuation Point. The ACD may at any time during a dealing day carry out an additional valuation if the ACD considers it desirable to do so.

### **21 CALCULATION OF THE NET ASSET VALUE**

- 21.1 The value of the Scheme Property of the Fund shall be the value of its assets less the value of its liabilities determined in accordance with the following paragraphs of this Section.
- 21.2 All the Scheme Property (including receivables) of the Fund is to be included, subject to the following paragraphs of this Section.
- 21.3 Property which is not cash 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:

units or Shares in a collective investment scheme:

- (a) if a single price for purchasing and redeeming units is quoted, at the most recent quoted price; or
- (b) if separate purchase or redemption prices are quoted, at the average of the two prices provided the purchase price has been reduced by any entry 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, at a value which, in the opinion of the ACD, is fair and reasonable;

any other transferable security:

- (d) if a single price for purchasing and redeeming the security is quoted, at that price; or
- (e) if separate purchasing and redeeming prices are quoted, the average of those two prices; or
- (f) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which in the opinion of the ACD reflects a fair and reasonable price for that investment;
- (g) Scheme Property other than that described in 23.3.1 and 23.3.2 above:
- (h) at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

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

Property which is a contingent liability transaction shall be treated as follows:

- (i) if it is a written option (and the premium for writing the option has become part of the Scheme Property), the amount of the net valuation of premium receivable shall be deducted. If the property is an off-exchange derivative the method of valuation shall be agreed between the ACD and the depositary;
- (j) if it is an off-exchange future, it will be included at the net value of closing out in accordance with a valuation method agreed between the ACD and the depositary;
- (k) if the property is an off-exchange derivative, it will be included at a valuation method agreed between the ACD and depositary;
- (l) if it is any other form of contingent liability transaction, it will be included at the net value of margin on closing out (whether as a positive or negative value).

21.4 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.

21.5 Subject to Sections 21.6 and 21.7 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken.

Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.

- 21.6 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 Section 21.5.
- 21.7 All agreements are to be included under Section 21.5 which are, or ought reasonably to have been, known to the person valuing the property.
- 21.8 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 and VAT will be deducted.
- 21.9 An estimated amount for any liabilities payable out of the Scheme Property and any tax thereon treating periodic items as accruing from day to day will be deducted.
- 21.10 The principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings will be deducted.
- 21.11 An estimated amount for accrued claims for tax of whatever nature which may be recoverable will be added.
- 21.12 Any other credits or amounts due to be paid into the Scheme Property will be added.
- 21.13 A sum representing any interest or any income accrued due or deemed to have accrued but not received will be added.
- 21.14 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
- 21.15 Unreliable or stale pricing may occur if new price-sensitive information arises when securities exchanges are closed due to local exchange opening hours or public holidays. Unreliable or stale pricing may also occur as a result of events such as significant market movement in similar markets or industries, natural disasters or government actions. As noted under points 23.3.1 and 23.3.2 above, the ACD through its Fair Value Pricing Committee, may make a fair and reasonable price adjustment (Fair Value Price Adjustment) to the net asset value with the aim of producing the 'fairest' dealing price and to protect the interests of all existing and prospective investors.

## 22 PRICE PER SHARE IN THE FUND AND EACH CLASS

The price per Share at which Shares are purchased is the sum of the net asset value of a Share and any entry charge. The price per Share at which Shares are redeemed is the net asset value per Share less any applicable redemption charge. In addition, there may, for both purchases and sales, be a dilution adjustment, as described in Section 15 above.

## 23 PUBLICATION OF PRICES

- 23.1 The most recent prices will appear daily on the Trustnet website at [www.trustnet.com](http://www.trustnet.com) and can also be obtained by telephone on 01483 783 900.
- 23.2 For reasons beyond the control of the ACD, these may not necessarily be the current prices.
- 23.3 The cancellation price last notified to the Depositary is available from the ACD upon request.

## 24 RISKS

All investments involve risk. "**General Risks**" mostly apply to all Funds; "**Specific Risks**" are particularly relevant where noted below the Fund's investment objective and policy. The Fund could potentially be affected by risks beyond those listed for it or described here, nor are these risk descriptions themselves intended as exhaustive. Each risk is described as if for an individual Fund.

A number of the risks described in this Section aren't directly applicable to the securities held by the Fund. However, if a Fund invests into another Fund which does hold securities where the risk is applicable then this is highlighted below the Fund's investment objective and policy.

The value of investments and income from them can go down as well as up, and you might get back less than you invested.

Any of these risks could cause a Fund to lose money, to perform less well than similar investments or a benchmark, to experience high volatility (ups and downs in NAV), or to fail to meet its objective over any period of time.

Statements made in this Prospectus are based on the law and practice in force at the date of this Prospectus.

Charges have the effect of reducing investment returns. Your investment must grow more than the rate of charges before you receive a positive return. A positive return is not guaranteed. Charges may reduce the value of your investment.

The Fund has charges taken from capital (see Section 25), which may limit the growth in value of the Fund. However, when charges are taken from capital, more income is generally available to distribute to Shareholders.

## 24.1 **General Risks**

### **Risks specific to investment in Funds**

As with any investment Fund, investing in the Fund involves certain risks an investor would not face if investing in markets directly:

The actions of other investors, in particular sudden large outflows of cash, could interfere with orderly management of the Fund and cause its NAV to fall.

The investor cannot direct or influence how money is invested while it is in the Fund.

- The Fund's buying and selling of investments may not be optimal for the tax efficiency of any given investor.
- The Fund is subject to various investment laws and regulations that limit the use of certain securities and investment techniques that might improve performance; to the extent that the Fund decides to register in jurisdictions that impose narrower limits, this decision could further limit its investment activities.
- Because Fund Shares are not publicly traded, the only option for liquidation of Shares is generally redemption, which could be subject to any redemption policies set by the Fund.
- To the extent that the Fund invests in other collective investment schemes, it will have less direct knowledge of, and no control over, the decisions of the collective investment scheme's investment managers, it could incur a second layer of investment fees (which will further erode any investment gains), and it could face Liquidity risk in trying to unwind its investment in a collective investment schemes.
- The Fund may not be able to hold a service provider fully responsible for any losses or lost opportunities arising from the service provider's misconduct.

### **Counterparty risk**

An entity with which the Fund does business could become unwilling or unable to meet its obligations to the Fund.

The bankruptcy or insolvency of a counterparty could result in delays in getting back securities or cash of the Fund's that were in the possession of the counterparty. This could mean the Fund is unable to sell the securities or receive the income from them during the period in which it seeks to enforce its rights, which process itself is likely to create additional costs. Various operational risks could also cause delays even if there is no inability of the counterparty to pay.

If any collateral the Fund holds as protection against counterparty risk declines in value, it may not fully protect the Fund against losses from counterparty risk, including lost fees and income.

### **Currency risk**

Changes in currency exchange rates could reduce investment gains or increase investment losses, in some cases significantly.

Exchange rates can change rapidly and unpredictably, and it may be difficult for the Fund to unwind its exposure to a given currency in time to avoid losses. Changes in exchange rates can be influenced by such factors as export-import balances, economic and political trends, governmental intervention and investor speculation.

Intervention by a central bank, such as aggressive buying or selling of currencies, changes in interest rates, restrictions on capital movements or a "de-pegging" of one currency to another, could cause abrupt or long-term changes in relative currency values.

### **Custody Risk**

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

### **Infectious Diseases**

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

**Inflation risk**

Over time, inflation can erode the real value of investment gains. With investments that produce low returns, inflation can negate any gains in buying power or even cause investors net buying power to decline over time.

**Liquidity risk**

Any security could become hard to value or to sell at a desired time and price.

Liquidity risk could affect the Fund's ability to repay repurchase agreement proceeds by the agreed deadline.

Certain securities may, by their nature, be hard to value or sell quickly, especially in any quantity. This may include securities that are labelled as illiquid as well as a security of any type that represents a small issue, trades infrequently, or is traded on markets that are comparatively small or that have long settlement times.

**Management risk**

The Fund's Investment Managers may be wrong in its analysis, assumptions, or projections. This includes projections concerning industry, market, economic, demographic, or other trends.

During unusual market conditions, investment management practices that have worked well in the past, or are accepted ways of addressing certain conditions, could prove ineffective.

**Market risk**

Prices and yields of many securities can change frequently, and can fall based on a wide variety of factors. Examples of these factors include:

- Political and economic news
- Government policy
- Changes in technology and business practice
- Changes in demographics, cultures and populations
- Natural or human-caused disasters
- Weather and climate patterns



- Scientific or investigative discoveries
- Costs and availability of energy, commodities and natural resources

The effects of market risk can be immediate or gradual, short term or long-term, narrow or broad.

This risk can apply to both the design and operation of computer models, and can apply whether a model is used to support human decision-making or to directly generate trading recommendations. Flaws in software programs can go undetected for long periods of time.

### **Operational risk**

The operations of the Fund could be subject to human error, faulty processes or governance, or technological failures.

Operational risks may subject the Fund to errors affecting valuation, pricing, accounting, tax reporting, financial reporting, Custody and trading, among other things. Operational risks may go undetected for long periods of time, and even if they are detected it may prove impractical to recover prompt or adequate compensation from those responsible.

### **Regulatory and Government policy**

The laws that govern the Fund may change in future. Any such changes may not be in the best interest of the Fund, and may have a negative impact on the value of your investment.

### **Single Swinging Price – Impact on Fund value and performance**

The Fund has a single swinging price. The single price can be swung up or down in response to inflows or outflows from the Fund, in order to protect investors from the effect of dilution. Dilution occurs where the Fund is forced to incur costs as a result of the Investment Manager buying or selling assets following inflows or outflows. A change to the pricing basis will result in a movement to the Fund's published price and reported investment performance.

### **Suspension and Termination**

Investors should note that in exceptional circumstances, the ACD may, after consultation with the depositary, suspend the issue, cancellation, sale and redemption (including switching) of Shares in any and all Sub-Funds and Classes.

### **Taxation risks**

A country could change its tax laws or treaties in ways that affect investors.

Tax changes potentially could be retroactive and could affect investors with no direct investment in the country.

## **Turnover**

When securities are bought and sold they incur transaction costs, which are paid for by the Fund. This is known as turnover. High levels of turnover may have a negative impact on a Fund's performance.

## **15.2 Specific Risks**

### **15.2.1 Equity risk**

Equities can lose value rapidly, and typically involve higher (often significantly higher) market risks than Bonds or money market instruments. If a company goes through bankruptcy or a similar financial restructuring, its equities may lose most or all of their value.

### **15.2.2 Credit and High Yield Credit risk**

A Bond or money market security could lose value if the issuer's financial health deteriorates, or in extreme cases could go into default (cease to make timely payments of principal or interest).

This risk is greater the lower the credit quality of the debt, and the greater the Fund's exposure to below Investment Grade Bonds (also known as "High Yield Bonds"). A decline in Creditworthiness may also cause a Bond or money market security to become more volatile and less liquid.

Bonds that are in default may become illiquid or worthless. Below Investment Grade Bonds are considered speculative. Compared to Investment Grade Bonds, the prices and yields of below Investment Grade Bonds are more sensitive to economic events and more volatile, and the Bonds are less liquid. In general, lower quality Bonds are more likely to default on obligations, and to be unable to repay principal if they do, particularly if they are unsecured or subordinate to other obligations.

Debt issued by governments and government-owned or -controlled entities can be subject to many risks, especially in cases where the government is reliant on payments or extensions of credit from external sources, is unable to institute the necessary systemic reforms or control domestic sentiment, or is unusually vulnerable to changes in geopolitical or economic sentiment. Even if a government issuer is financially able to pay off its debt, investors may have little recourse should it decide to delay, discount or cancel its obligations

### **15.2.3 Interest rate risk**

When interest rates rise, Bond values generally fall. This risk is generally greater the longer the Duration of a Bond investment is.

#### 15.2.4 **Emerging markets risk**

Emerging Markets are less established, and more volatile, than developed markets. They involve higher risks, particularly market, credit, illiquid security, and currency risks, and are more likely to experience risks that in developed markets are associated with unusual market conditions.

Reasons for this higher level of risk include:

- Political, economic, or social instability
- Economies that are heavily reliant on particular industries, commodities, or trading partners
- High or capricious tariffs or other forms of protectionism
- Quotas, regulations, laws, or practices that place outside investors (such as the Fund) at a disadvantage
- Failure to enforce laws or regulations, to provide fair or functioning mechanisms for resolving disputes or pursuing recourse, or to otherwise recognise the rights of investors as understood in developed markets
- Significant government control of businesses or intervention in markets
- excessive fees, trading costs, taxation, or outright seizure of assets
- Inadequate reserves to cover issuer or counterparty defaults
- Incomplete, misleading, or inaccurate information about securities and their issuers
- Lack of uniform accounting, auditing and financial reporting standards
- Manipulation of market prices by large investors
- Arbitrary delays and market closures
- Market infrastructure that is unable to handle peak trading volumes
- Fraud, corruption and error

In certain countries, securities markets may also suffer from impaired efficiency and Liquidity, which may worsen price volatility and market disruptions.

To the extent that Emerging Markets are in different time zones from the UK the Fund might not be able to react in a timely fashion to price movements that occur during hours when the Fund is not open for business.

For purposes of risk, the category of Emerging Markets includes markets that are less developed, such as most countries in Asia, Africa, South America and Eastern Europe, as well as countries such as China, Russia and India that have successful economies but may not offer the highest levels of investor protection.

#### 15.2.5 **Derivative risks**

Certain derivatives could behave unexpectedly or could expose the Fund to losses that are significantly greater than the cost of the derivative. Derivatives in general are highly volatile and do not carry any voting rights. The pricing and volatility of many derivatives (especially credit default Swaps) may diverge from strictly reflecting the pricing or volatility of their underlying reference(s).

In difficult market conditions, it may be impossible or unfeasible to place orders that would limit or offset the market exposure or financial losses created by certain derivatives. Using derivatives also involves costs that the Fund would not otherwise incur.

Regulations may limit the Fund from using derivatives in ways that might have been beneficial to the Fund. Changes in tax, accounting, or securities laws could cause the value of a derivative to fall or could force the Fund to terminate a derivative position under disadvantageous circumstances.

Certain derivatives, in particular Futures, Options, contracts for difference and some contingent liability contracts, could involve margin borrowing, meaning that the Fund could be forced to choose between liquidating securities to meet a margin call or taking a loss on a position that might, if held longer, have yielded a smaller loss or a gain.

To the extent that the Fund uses derivatives to increase its net exposure to any market, rate, basket of securities or other financial reference source, fluctuations in the price of the reference source will be amplified at the Fund level.

- **Over the counter (OTC) derivatives risk**

Because OTC derivatives are in essence private agreements between a Fund and one or more counterparties, they are regulated differently than market-traded securities. They also carry greater counterparty and Liquidity risks; in particular, it may be more difficult to force a counterparty to honour its obligations to a Fund. A downgrade in the Creditworthiness of a counterparty can lead to a decline in the value of OTC contracts with that counterparty. If a counterparty ceases to offer a derivative that a Fund had been planning on using, the Fund may not be able to find a comparable derivative elsewhere and may miss an opportunity for gain or

find itself unexpectedly exposed to risks or losses, including losses from a derivative position for which it was unable to buy an offsetting derivative.

Because it is generally impractical for the Fund to divide its OTC derivative transactions among a wide variety of counterparties, a decline in the financial health of any one counterparty could cause significant losses. Conversely, if any Fund experiences any financial weakness or fails to meet an obligation, counterparties could become unwilling to do business with the Fund, which could leave the Fund unable to operate efficiently and competitively.

- **Exchange Traded Derivatives (ETD) risk**

While exchange-traded derivatives are generally considered lower-risk than OTC derivatives, there is still the risk that a suspension of trading in derivatives or in their underlying assets could make it impossible for a Fund to realise gains or avoid losses, which in turn could cause a delay in handling redemptions of Shares. There is also a risk that settlement of exchange-traded derivatives through a transfer system may not happen when or as expected.

- **Short positions Risk**

Some Funds can take Short Positions by using derivatives. A Short Position will reduce in value if the security it is linked to increases in value. The opposite also applies, in that the Short Position will rise in value if the underlying security reduces in value.

There is no limit to the loss on a Short Position, and so they carry higher risk than direct investment in a security. The risk of holding Short Positions is mitigated by the ACD's Risk Management Policy.

## **25 FEES AND EXPENSES**

All fees or expenses payable out of the property of the Fund are set out in this Section. Where charges are taken from capital it may result in capital erosion or constrain the capital growth of the Fund.

### **25.1 General**

Except as mentioned below, the fees, costs and expenses relating to the authorisation and incorporation and establishment of the Fund, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisors to the Fund in connection with the offer will be borne by the ACD or other companies in its group.

The Fund may also pay out of the property of the Fund charges and expenses incurred by the Fund, which will include the following expenses:

- (a) the fees and expenses payable to the ACD, the depositary and any appointed custodian;
- (b) broker's commission, fiscal charges (including stamp duty reserve tax and/or stamp duty, if any) and other disbursements which are necessarily incurred in effecting transactions for the Fund and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (c) fees and expenses in respect of establishing and maintaining the Register and any plan sub register of Shareholders (as defined in the COLL Sourcebook);
- (d) any fees or costs associated with any CASS related support activity incurred by the Registrar;
- (e) any costs incurred in or about the listing of Shares in the Fund on any Stock Exchange, and the creation, conversion and cancellation of Shares;
- (f) any costs incurred by the Fund in publishing the price of the Shares in a national or other newspaper;
- (g) any costs incurred in producing and dispatching any payments made by the Fund, or the yearly and half-yearly reports of the Fund;
- (h) any fees, expenses or disbursements of any legal or other professional advisor of the Fund;
- (i) any costs incurred in taking out and maintaining an insurance policy in relation to the Fund;
- (j) any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;
- (k) liabilities on amalgamation or reconstruction including certain liabilities arising after transfer of property to the Fund in consideration for the issue of Shares as more fully detailed in the COLL Sourcebook;
- (l) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (m) taxation and duties payable in respect of the property of the Fund or the issue or redemption of Shares;
- (n) the audit fees of the auditors (including VAT) and any expenses of the auditors;

- (o) the fees of the FCA under the FCA's Fees Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Shares in the Fund are or may be marketed;
- (p) expenses incurred in acquiring and disposing of investments and in producing, distributing and dispatching income and other payments to Shareholders;
- (q) the depositary will also be reimbursed out of the property of the Fund expenses incurred in performing the following activities and duties:
  - (i) Delivery of stock to the depositary or any appointed custodian;
  - (ii) Custody of assets;
  - (iii) Collection of income and capital;
  - (iv) Submission of tax returns;
  - (v) Handling tax claims;
  - (vi) Preparation of the depositary's annual report;
  - (vii) Arranging insurance;
  - (viii) Calling Shareholder meetings and otherwise communicating with Shareholders;
  - (ix) Dealing with distribution warrants;
  - (x) Taking professional advice;
  - (xi) Conducting legal proceedings;
  - (xii) Such other duties as the depositary is permitted or required by law to perform.
- (r) 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 Fund;
- (s) the costs of printing and distributing reports, accounts, any prospectuses, any Instrument of Incorporation and any costs incurred as a result of periodic updates of or changes to any prospectus or Instrument of Incorporation and any other administrative expenses;
- (t) any amount payable by the Fund under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Fund;
- (u) any payments otherwise due by virtue of the COLL Sourcebook; and

- (v) any value added or similar tax relating to any charge or expense set out herein.  
VAT is payable on these charges where appropriate.

Expenses are allocated between capital and income in accordance with the COLL Sourcebook.

## **26 CHARGES PAYABLE TO THE ACD**

- 26.1 In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual management charge out of the Fund.
- 26.2 The annual management charge, which is calculated and accrued daily, is calculated separately in respect of each class of Share by applying the appropriate annual management charge to its proportionate interest in the underlying value of the Fund. For these purposes, the value of the Fund is taken as at the valuation point on the previous business day, taking into account any creations and/or cancellations on that day. The annual management charge is payable monthly in arrears. Accrual periods run to the business day of each month, except in the case of the last month of each of the interim and annual accounting periods when it is the last calendar day of those months. The current management charges for the current Share classes available in the Fund are set out in Appendix 1.
- 26.3 The ACD is also entitled to a fee in respect of its duties in establishing and maintaining the Register and any plan sub-register of Shareholders of £10 per Shareholder per annum, subject to the Fund paying a minimum charge of £2,000 per annum. This minimum figure may not be increased above £5,000 per annum without Shareholder approval.
- 26.4 The ACD is also entitled to all reasonable, properly vouched, out of pocket expenses incurred in the performance of its duties, including stamp duty and stamp duty reserve tax (if any) on transactions in Shares.
- 26.5 VAT is payable on those charges or expenses where appropriate.
- 26.6 If a Share class's expenses in any period exceed the income the ACD may take that excess from the capital property attributable to that Share class.
- 26.7 The current entry charge of a Share class or the amount of the ACD's remuneration payable out of the Scheme Property of the Fund may only be increased at least 60 days after the ACD has given notice in writing of the increase and the date of its commencement (for increasing the entry charge, to all persons who ought reasonably to be known to the ACD to have made an arrangement for the purchase of Shares at regular intervals), and after the ACD has made available a revised Prospectus showing new rate of charge and its commencement date.



- 26.8 In order to introduce a new category of remuneration for its services payable out of the Scheme Property the ACD would require the approval of an extraordinary resolution of Shareholders at an extraordinary general meeting.
- 26.9 Where charges are taken from capital it may result in capital erosion or constrain the capital growth of the Fund.

## **27 INVESTMENT MANAGERS' FEE**

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

## **28 DEPOSITARY'S FEE**

- 28.1 The depositary receives for its own account a periodic fee which will accrue on a daily basis and shall be payable within seven days after the end of the monthly period to which they relate. The fee is calculated in respect of successive monthly periods by reference to the value of the Fund on the first day of the relevant monthly period. If there is no Valuation Point on that day, the fee shall be calculated by reference to the value of the Fund on the last preceding business day.
- 28.2 The fee is payable out of the property attributable to the Fund. The rate of the periodic fee is agreed between the ACD and the depositary in accordance with the COLL Sourcebook. The current charge is calculated on a sliding scale for the Fund on the following basis:

0.0275% p.a.	on the first £50 million value of the Scheme Property of the Fund;
0.025% p.a.	on the next £50 million value of the Scheme Property of the Fund;
0.020% p.a.	on the next £100 million value of the Scheme Property of the Fund;
0.015% p.a.	on the remaining value of the Scheme Property of the Fund thereafter.

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

The first accrual will take place in respect of the period beginning on the day on which the first valuation of the Fund is made and ending on the last business day of the month in which that day falls.

- 28.3 In addition to the periodic fee referred above, the depositary will also be paid transaction charges and custody charges as follows:

<b>Item</b>	<b>Range/Fees</b>
Transaction Charges	£7.50 to £180.00
Custody Charges	up to 0.9% of the value of the holding involved subject to a minimum aggregate custody charge of £7,500 per annum

Transaction charges vary from country to country, dependent on the markets and value of the stock involved transaction. These charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last business day of the month when such charges arose or as otherwise agreed between the depositary and the ACD. Custody charges again vary from country to country depending on the markets and the value of the stock involved. Custody charges accrue and are payable as agreed from time to time by the ACD and the depositary.

- 28.4 The depositary's current rate of remuneration, transaction charges and custody charges may only be materially increased at least 60 days after the ACD has given notice in writing of the increase and the date of commencement to all Shareholders in the Fund, and after the ACD has made available a revised Prospectus showing the new charge and its commencement date.
- 28.5 The Fund will also pay to the depositary out of the property such transaction fees and bank charges as the ACD and the depositary shall from time to time agree.
- 28.6 In addition to the above fees payable to the depositary, the amount payable to the depositary out of the property by way of remuneration for its services may include charges in connection with its duties (or the exercise of powers conferred upon it by the COLL Sourcebook) referable to the maintenance of distribution accounts.
- 28.7 In addition, expenses and disbursements of the depositary arising from the following may be reimbursed to the depositary out of the property of the Fund:
- (a) the collection of dividends, interest and any other income;
  - (b) the conversion of foreign currency and the provision of other banking services;
  - (c) expenses in relation to borrowings, stock lending, derivative transactions or other permitted transactions;
  - (d) communications with any parties (including telex, facsimile, SWIFT and electronic mail);
  - (e) expenses in relation to taxation matters;
  - (f) expenses in relation to insurance matters;

- (g) reasonable legal costs and expenses incurred in preparing the depositary's annual report to Shareholders.

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

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

On a winding up of the Fund, termination of the Fund or the redemption of all outstanding Shares of a class the depositary is entitled to its pro rata fees and expenses to the date of such winding up, termination or redemption and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

Any value added tax on any fees, charges or expenses payable to the depositary will be added to such fees, charges or expenses. In each such case, such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the depositary or of the ACD) who has had the relevant duty delegated to pursuant to the COLL Sourcebook by the depositary.

## **29 SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **29.1 Annual General Meeting**

Annual general meetings are not held. Other meetings, whether general or otherwise, may be held from time to time.

### **29.2 Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

Shareholders may also requisition a general meeting of the Fund. 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 Fund. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

### **29.3 Notice of Quorum**

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

### **29.4 Voting Rights**

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

On a poll, the voting rights for each Share will be the proportion of the voting rights attached to all of the Shares in issue that the price of such Share bears to the aggregate price or prices of all of the Shares in issue (i) if the Share is a participating security, at the close of business on a day determined by the ACD which shall not be more than 21 days before notice of the meeting is sent out or (ii) otherwise at the time selected by the ACD which shall be a reasonable cut-off date before notice of the meeting is sent out.

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

Except where the COLL Sourcebook or the Instrument of Incorporation require an extraordinary resolution (which needs 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 Fund 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 every Shareholder within the Fund is prohibited under COLL 4.4.8R(4) from voting, a resolution may, with the prior written agreement of the depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Shares in issue.

"Shareholders" in this context means Shareholders on the date seven days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

### **29.5 Class Meetings**

The above provisions, unless the context otherwise requires, apply to class meetings as they apply to general meetings of Shareholders.

## **30 Taxation**

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

### **Taxation of the Fund**

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

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

#### **(i) Income**

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

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

Dividend income received by the Fund from investments in UK resident and overseas companies should fall within an exemption from corporation tax. Dividend income received from foreign companies may be subject to withholding tax or other taxation in the foreign jurisdiction. Any foreign tax suffered by the Fund may

normally be deducted from the UK tax due on that income or treated as an expense in calculating the amount of that income subject to corporation tax.

**(ii) Chargeable gains**

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

**(iii) Stamp Duty Reserve Tax**

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

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

**Taxation of the Shareholders**

**(i) Income**

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

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

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

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

**(b) Interest distributions**

UK resident individuals

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

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

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

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

#### UK corporate Shareholders

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

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

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

#### **(b) Dividend distributions**

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

#### UK resident individuals

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

UK corporate Shareholders

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

**(ii) Chargeable gains**UK resident individuals

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

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

UK corporate Shareholders

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

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

**(A) Income equalisation – tax implications**

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

**(B) UK information reporting regime**



Open-ended investment companies are required to report details of interest distributions paid to UK, and many non-UK investors. Dividend distributions and payments made to ISA investors are not within the scope of these rules but see the paragraphs dealing with "International tax compliance" below.

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

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

### **31 International tax compliance**

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

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

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

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

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

If a Shareholder fails to provide the information required by the Fund to comply with its obligations to HMRC this may result in the ACD taking appropriate action against the Shareholder, including invoking the compulsory transfer and redemption provisions set out in this Prospectus. The Shareholder may also be

liable for any penalties suffered by the ACD. The ACD may deduct the amount of any penalty from the Shareholder's account.

## 32 **Winding up of the Fund**

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

- 32.1 Where the Fund 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 Fund) either that the Fund will be able to meet its liabilities within 12 months of the date of the statement or that the Fund will be unable to do so. The Fund may not be wound up under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.
- 32.2 The Fund may be wound up under the COLL Sourcebook if:
- (a) an extraordinary resolution to that effect is passed by Shareholders; or
  - (b) the period (if any) fixed for the duration of the Fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Fund is to be wound up (for example, if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or
  - (c) on the date of effect stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Fund.
- 32.3 On the occurrence of any of the above:
- (a) the parts of the COLL Sourcebook relating to Pricing and Dealing and Investment and Borrowing will cease to apply to the Fund;
  - (b) the Fund will cease to issue and cancel Shares in the Fund and the ACD shall cease to sell or redeem Shares or arrange for the Fund to issue or cancel them for the Fund;
  - (c) no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
  - (d) where the Fund is being wound up, the Fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Fund;
  - (e) the corporate status and powers of the Fund and, subject to the provisions of 34.4.1 and 34.4.4 above, the powers of the ACD shall remain until the Fund is dissolved.
- 32.4 The ACD shall, as soon as practicable after the Fund falls to be wound up, realise the assets and meet the liabilities of the Fund 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 Fund, the ACD shall, as soon as practicable after the commencement of the winding up of the Fund, 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 Fund to be realised, the ACD shall arrange for the depositary to also 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 Fund.

- 32.5 As soon as reasonably practicable after completion of the winding up of the Fund, the ACD shall notify the FCA that it has done so.
- 32.6 On completion of a winding up of the Fund, the Fund will be dissolved and any money (including unclaimed distributions) standing to the account of the Fund, will be paid into court within one month of dissolution.
- 32.7 Following the completion of a winding up of the Fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Fund 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, to each Shareholder and, in the case of the winding up of the Fund, to the FCA within two months of the completion of the winding up.

### **33 GENERAL INFORMATION**

#### **33.1 Accounting Periods**

The annual accounting period of the Fund ends each year on the last day in April (the accounting reference date). The interim accounting period ends each year on the last day in October.

#### **33.2 Income Allocations**

Allocations of income are made in respect of the income available for allocation in each accounting period.

Holders of income Shares are entitled to be paid the income attributed to such Shares. Income will be paid directly to the bank or building society account of such holders of income Shares or by such other method as determined by the ACD two clear business days before the annual income allocation date of 30 June and (for so long as there are income Shares in issue) the interim allocation date of 31 December in each year.

If a holder of income Shares does not provide bank or building society details, income will be automatically reinvested to purchase further Shares.

A reinvestment facility may be available for the reinvestment of income through the purchase of further Shares - see Appendix 1. If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the Fund.

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

### **33.3 Annual Reports**

The annual report of the Fund will be published in long form within four months of each annual accounting period and the half-yearly report will be published in long form within two months of each interim accounting period. The long reports will be available on request.

### **33.4 Documents of the Fund**

The following documents may be inspected free of charge between 9.00 a.m. and 5.00 p.m. every business day at the offices of the ACD at Exchange Building, St Johns Street, Chichester, West Sussex, PO19 1UP:

- (a) the most recent annual and half-yearly long reports of the Fund;
- (b) the Prospectus;
- (c) the Instrument of Incorporation; and
- (d) the material contracts referred to below.

Shareholders may obtain copies of the above documents from either address. The ACD may make a charge at its discretion for copies of documents (apart from the most recent annual and half yearly reports of the Fund, the Prospectus and the Instrument of Incorporation which are available free of charge).

Upon the request of a Shareholder, the ACD will provide further information relating to:

- (e) the quantitative limits applying in the risk management of any Fund;
- (f) the methods used in relation to 35.4.3(a) above; and
- (g) any recent development of the risk and yields of the main categories of investment.

### **33.5 Material Contracts**

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

the ACD Agreement dated 16 April 2020 between the Fund and the ACD, as amended from time to time;

the Depositary Agreement dated 17 April 2020 between the ACD, the Fund and the depositary, as amended from time to time; and

the Investment Management Agreements effective from 1 May 2020 between the ACD and the Investment Managers, as amended from time to time.

Details of the above contracts are given in Sections 5.2, 6.1 and 7.3 respectively.

### **33.6 Conflicts of Interest**

The ACD, the Investment Managers and other companies within the ACD's group may, from time to time, act as Investment Manager or adviser to other Funds which follow similar investment objectives to those of the Fund. 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 Fund or that a conflict exists between the Fund and other Funds managed or advised by the ACD or the Investment Managers respectively. 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 Agreements respectively and, in particular, to its obligation to act in the best interests of the Fund 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 relevant Investment Manager will ensure that the Fund 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 Fund or its Shareholders will be prevented. Should any such situations arise the ACD will disclose these to Shareholders in the report and accounts or such other appropriate format.

### **33.7 Risk Management**

A statement on the methods used for risk management in connection with the Fund and the quantitative limits used together with the current risk yields of the main categories of investment is available from the ACD on request.

### **33.8 Provision of Investment Advice**

All information concerning the Fund and about investing in Shares of the Fund is available from the ACD at Exchange Building, St Johns Street, Chichester, West Sussex, PO19 1UP. The ACD is not authorised to give investment advice and persons requiring such advice should consult a financial advisor. All applications for Shares are made solely on the basis of the current prospectus of the Fund, and investors should ensure that they have the most up to date version.

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

The ACD has a strategy for determining when and how voting rights attached to ownership of Scheme Property are to be exercised for the benefit of the Fund. A summary of this strategy is available from the ACD on written request. Further details of the actions taken on the basis of this strategy for the Fund are also available from the ACD on written request.

### **33.10 Best Execution**

The ACD's best execution policy sets out the basis upon which the ACD will effect transactions and place orders in relation to the Fund whilst complying with its obligations under the FCA Handbook to obtain the best possible result for the Fund.

Details of the best execution policy are available from the ACD on request.

### **33.11 Dealing Arrangements and Inducements**

#### **Financial intermediary commission**

For investors in the Fund that purchase Shares through a broker or other financial intermediary, please note that the ACD, the Investment Managers and/or their respective related companies may pay such intermediary initial and renewal commission for the sale of the Shares and related services at their discretion. These charges are paid by the ACD, Investment Managers or their respective related companies out of their own charges and do not result in any additional charges to the Fund.

**Dealing arrangements and inducements:**

The Investment Managers use dealing commission that they pay to brokers to cover costs relating to the execution of trades on behalf of the Fund, and, in the case of bundled commission, to purchase research services from brokers or third parties. The Investment Managers consider such use of commission to be beneficial to the Fund and its Shareholders, as it enables them to obtain valuable research and execution services in a cost-effective manner.

In many cases, the research services will be provided by the broker and the Investment Managers will include payment for the research services alongside the execution cost in their commission payment to the broker. In other cases the research services will be provided by a third party, in which case the cost of the services will be met by requesting a broker to pay the third party a portion of the commission that the broker has received, being an amount over and above what was justified by the broker's own services.

Each Investment Manager currently receives the following goods and services under their dealing arrangements in accordance with FCA guidance:

- (a) goods and services relating to the provision of research:
- (b) research from third party information providers;
- (c) broker led research; and
- (d) non-broker led research.

**Disclosures**

The ACD will make such disclosures to the Fund regarding inducements as are required under the FCA Rules.

**33.12 Late trading and market timing**

"Late Trading" is defined as the acceptance of a subscription, redemption or switch order received after the Fund's applicable Valuation Point for that dealing day. Late Trading is not permitted. As such, orders will not be accepted using the price established at the Valuation Point for that dealing day if orders are received after that time.

Late Trading will not include a situation in which the ACD is satisfied that orders which are received after the Valuation Point have been made by investors before then (e.g. where the transmission of an order has been delayed for technical reasons).

In general, "market timing" refers to the investment behaviour of a person or group of persons buying, selling or switching Shares on the basis of predetermined market indicators. Market timing may also be characterised by transactions that seem to follow a timing pattern or by frequent or large transactions in Shares. The ACD does not knowingly allow investments which are associated with market timing activities, as these may adversely affect the interests of all Shareholders and will take active measures to frustrate such practices where it has reasonable grounds to suspect these strategies are being or may be attempted.

### **33.13 Complaints**

Complaints about any aspect of the ACD's service should, in the first instance, be directed to the ACD:

Thesis Unit Trust Management Limited, Exchange Building, St Johns Street,  
Chichester, West Sussex, PO19 1UP

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

All complaints will be investigated and, if the complaint is not resolved to the satisfaction of the complainant within 8 weeks after its receipt by the ACD, the complainant may be entitled to refer the complaint to:

The Financial Ombudsman Service

Exchange Tower

London E14 9SR

Consumer Helpline: 0800 023 4567

E-mail: [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

### **33.14 Past Performance Details**

Details of the past performance of the Fund are contained in Appendix 5.

### **33.15 Notices**

All notices or documents required to be served on Shareholders shall be served by post to the address of such Shareholder as evidenced on the Register. All documents and remittances are sent at the risk of the Shareholder.



### **33.16 Data Protection**

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

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

### **33.17 Electronic Verification**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, The Senior Management Arrangements Systems & Controls Sourcebook and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the ACD must check your identity and the source of the money invested. The ACD may also request verification documents from parties associated with you. In some cases, documentation may be required for officers performing duties on behalf of bodies corporate.

The checks may include an electronic search of information held about you (or your associated party) on the electoral roll and using credit reference agencies.

The credit reference agency may check the details you (or your associated party) supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify identity and will not affect your (or your associated party's) credit rating. They may also use your (or your associated party's) details in the future to assist other companies for verification purposes.

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

### **33.16 Benchmarks Regulation**

The benchmark utilised by the Fund is provided by an administrator that is listed on the register of benchmarks and administrators maintained by the FCA, as required by the Benchmark Regulation.



**SUMMARY OF APPENDICES****A summary of the Fund**

A summary of the Fund, including available Share classes, charges, minimum investment levels and distribution dates, is set out in Appendix 1.

A detailed statement of the investment and borrowing restrictions applicable to the Fund is set out in Appendix 2.

The eligible securities and derivatives markets on which the Fund may invest are contained in Appendix 3 and Appendix 4 respectively.

Appendix 5 contains the past performance details for the Fund.

Appendix 6 contains a list of custodians.

Appendix 7 contains a list of other regulated collective investment schemes for which the ACD acts for.

**APPENDIX 1**  
**TM ACER FUND – FUND DETAILS**

<b>Type of Fund</b>	UK UCITS
<b>Classes of Shares available</b>	Sterling Income Shares
<b>Currency of denomination</b>	UK Sterling
<b>Minimum initial investment</b>	£100,000
<b>Minimum subsequent investment</b>	£50,000
<b>Minimum withdrawal</b>	None, provided minimum holding remains
<b>Minimum holding</b>	£100,000
<b>Regular Savings Plan Available</b>	No
<b>ACD's entry charge</b>	6%
<b>Annual management charge</b>	0.8%
<b>Annual accounting date</b>	Last day in April
<b>Interim accounting date</b>	Last day in October
<b>Annual income allocation date</b>	Two clear business days before the last day in June
<b>Interim income allocation date</b>	Two clear business days before the last day in December
<b>Invest in any Securities Market of a Member State of the EU or states within the EEA on which transferable securities admitted to Official Listing in that Member State or state are dealt or traded</b>	Yes

<b>Invest in further Eligible Markets in Appendix 3</b>	All markets listed
<b>Invest in further Eligible Derivatives Markets in Appendix 4</b>	All markets listed

## **APPENDIX 2**

### **INVESTMENT AND BORROWING POWERS OF THE FUND**

#### **General rules of investment**

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

#### **1. Prudent spread of risk**

- 1.1 The ACD must ensure that, taking account of the investment objective and policy of the Fund, the Scheme Property of the Fund aims to provide a prudent spread of risk.
- 1.2 The ACD's investment policy may mean that at times, where it is considered appropriate, the property of the Fund will not be fully invested and that prudent levels of Liquidity will be maintained.
- 1.3 The requirements on spread do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.

#### **2. Valuation**

- 2.1 The value of the Scheme Property of the Fund means the net value of the Scheme Property of the Fund determined in accordance with the COLL Sourcebook, after deducting any outstanding borrowings, whether immediately due to be repaid or not.
- 2.2 When valuing the Scheme Property:
  - 2.2.1 the time as at which the valuation is being carried out ("the relevant time") is treated as if it were a Valuation Point, but the valuation and the relevant time do not count as a valuation or a Valuation Point for the purposes of the COLL Sourcebook;
  - 2.2.2 initial outlay is regarded as remaining part of the Scheme Property; and
  - 2.2.3 if the ACD, having taken reasonable care, determines that the Fund will become entitled to any unrealised profit which has been made on account of a transaction in derivatives, that prospective entitlement is regarded as part of the Scheme Property.

### 3. **Cover**

- 3.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in Chapter 5 of the COLL Sourcebook, it must be assumed that the maximum possible liability of the Fund under any other of those rules has also to be provided for.
- 3.2 Where a rule in 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:
- 3.2.1 it must be assumed that in applying any of those rules, the Fund must also simultaneously satisfy any other obligation relating to cover; and
- 3.2.2 no element of cover must be used more than once.

### 4. **Transferable Securities**

- 4.1 A transferable security is an investment which is any of the following:
- 4.1.1 a Share;
- 4.1.2 a debenture;
- 4.1.3 an alternative debenture;
- 4.1.4 a government and public security;
- 4.1.5 a warrant; or
- 4.1.6 a certificate representing certain securities.
- 4.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 4.3 In applying sub-paragraph 4.1 to an investment which is issued by a body corporate, and which is a Share or a debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 4.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

### 5. **UK UCITS - general**

- 5.1 The Scheme Property must, subject to its investment objective and policy and except where otherwise provided in Chapter 5 of the COLL Sourcebook, only consist of any or all of:

- 5.1.1 transferable securities (except, currently, alternative debentures);
  - 5.1.2 approved money market instruments;
  - 5.1.3 permitted deposits;
  - 5.1.4 permitted units in collective investment schemes; and
  - 5.1.5 permitted derivatives and forward transactions,
- in accordance with the rules in COLL 5.2
- 5.2 Transferable securities and approved money market instruments held within the Fund must (subject to sub-paragraphs 5.3 and 5.4) be:
- 5.2.1 admitted to or dealt on an eligible market as described below; or
  - 5.2.2 for an approved money market instrument not admitted to or dealt in on an eligible market, within sub-paragraph 11.1; or
  - 5.2.3 recently issued transferable securities (provided that the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and such admission is secured within a year of issue).
- 5.3 Not more than 10% in value of the Scheme Property is to consist of transferable securities, which are not approved securities and approved money market instruments (other than those that are referred to in sub-paragraph 5.2.2).
- 5.4 The requirements on spread and investment in transferable securities and approved money market instruments to which COLL 5.2.12R (Spread: government and public securities applies) do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Fund (or on which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.
- 5.5 It is not intended that the Fund will have an interest in any immovable property or tangible movable property.
- 6. Investment in transferable securities**
- 6.1 The Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- 6.1.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 6.1.2 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 COLL Sourcebook;



6.1.3 reliable valuation is available for it as follows:

- (a) 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;
- (b) 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;

6.1.4 appropriate information is available for it as follows:

- (a) 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;
- (b) 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;

6.1.5 it is negotiable; and

6.1.6 the risks are adequately captured by the risk management process of the ACD.

6.2 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:

6.2.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and

6.2.2 to be negotiable.

## 7. **Closed end Funds constituting transferable securities**

7.1 A unit in a closed end Fund shall be taken to be a transferable security for the purposes of investment by the Fund, provided it fulfils the criteria for transferable securities set out in paragraph 6, and either:

7.1.1 where the closed end Fund is constituted as an investment company or a unit Fund:

- (a) it is subject to corporate governance mechanisms applied to companies; and
- (b) 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

7.1.2 where the closed end Fund is constituted under the law of contract:

- (a) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
- (b) it is managed by a person who is subject to national regulation for the purpose of investor protection.

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

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

8.1.1 fulfils the criteria for transferable securities set out in paragraph 6; and

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

8.2 Where an investment in paragraph 6 contains an embedded derivative component (see sub-paragraph 19.5), the requirements of this paragraph with respect to derivatives and forwards will apply to that component.

## 9. **Approved Money Market Instruments**

9.1 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.

9.2 A money market instrument shall be regarded as normally dealt in on the money market if it:

9.2.1 has a maturity at issuance of up to and including 397 days;

9.2.2 has a residual maturity of up to and including 397 days;

9.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or

9.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in sub-paragraphs

9.2.1 or 9.2.2 or is subject to yield adjustments as set out in sub-paragraph 9.2.3.

- 9.3 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.
- 9.4 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:
- 9.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- 9.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 9.5 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.

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

- 10.1 To protect investors the markets on which investments of the Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
- 10.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 10.3 A market is eligible for the purposes of the rules if it is:
- 10.3.1 a regulated market; or
- 10.3.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public.
- 10.4 A market not falling within sub-paragraph 10.3 is eligible for the purposes of Chapter 5 of the COLL Sourcebook if:
- 10.4.1 the ACD, after consultation with and notification to the depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;

10.4.2 the market is included in a list in the Prospectus; and

10.4.3 the depositary has taken reasonable care to determine that:

- (a) adequate custody arrangements can be provided for the investment dealt in on that market; and
- (b) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

10.5 In sub-paragraph 10.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

10.6 The additional eligible securities and derivatives markets in which the Fund may invest are set out in Appendix 3 and Appendix 4 respectively.

## 11. **Money market instruments with a regulated issuer**

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

11.1.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and

11.1.2 the instrument is issued or guaranteed in accordance with paragraph 12.

11.2 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 investors and savings if:

11.2.1 the instrument is an approved money market instrument;

11.2.2 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 13; and

11.2.3 the instrument is freely transferable.

## 12. **Issuers and guarantors of money market instruments**

12.1 The Fund may invest in an approved money market instrument if it is:

12.1.1 issued or guaranteed by any one of the following:

- (a) 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;

- (b) a regional or local authority of the UK or an EEA State;
- (c) the Bank of England, the European Central Bank or a central bank of an EEA State;
- (d) the EU or the European Investment Bank;
- (e) a non-EEA State or, in the case of a federal state, one of the members making up the federation;
- (f) a public international body to which the UK or one or more EEA States belong; or

12.1.2 issued by a body, any securities of which are dealt in on an eligible market; or

12.1.3 issued or guaranteed by an establishment which is:

- (a) subject to prudential supervision in accordance with criteria defined by UK or EU law; or
- (b) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or EU law.

12.2 An establishment shall be considered to satisfy the requirement in sub-paragraph 12.1.3(b) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

12.2.1 it is located in the EEA;

12.2.2 it is located in an OECD country belonging to the Group of Ten;

12.2.3 it has at least Investment Grade rating;

12.2.4 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 EU law.

### 13. **Appropriate information for money market instruments**

13.1 In the case of an approved money market instrument within sub-paragraph 12.1.2 or which is issued by an authority within sub-paragraph 12.1.1(b) or a public international body within sub-paragraph 12.1.1(f) but is not guaranteed by a central authority within sub-paragraph 12.1.1(a), the following information must be available:

13.1.1 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;

- 13.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 13.1.3 available and reliable statistics on the issue or issuance programme.
- 13.2 In the case of an approved money market instrument issued or guaranteed by an establishment within sub-paragraph 12.1.3, the following information must be available:
- 13.2.1 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 updates of that information on a regular basis and whenever a significant event occurs; and
  - 13.2.2 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.
- 13.3 In the case of an approved money market instrument:
- 13.3.1 within sub-paragraphs 12.1.1(a), 12.1.1(d) or 12.1.1(e); or
  - 13.3.2 which is issued by an authority within sub-paragraph 12.1.1(b) or a public international body within sub-paragraph 12.1.1(f) and is guaranteed by a central authority within sub-paragraph 12.1.1(a);
  - 13.3.3 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.
14. **Spread: general**
- 14.1 This rule on spread does not apply in respect of transferable securities or approved money market instruments to which paragraph 16 applies.
  - 14.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with s.399 of the Companies Act 2006, Directive 2013/34/EU or in the same group in accordance with international accounting standards are regarded as a single body.
  - 14.3 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
  - 14.4 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.

- 14.5 The limit of 5% in sub-paragraph 14.4 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%.
- 14.6 The limit of 5% in sub-paragraph 14.4 is raised to 25% in value of the Scheme Property in respect of covered Bonds, provided that when more than 5% is invested 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.
- 14.7 In applying sub-paragraphs 14.5 and 14.6 certificates representing certain securities are treated as equivalent to the underlying security.
- 14.8 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.
- 14.9 Not more than 20% in value of the Scheme Property is to consist of transferable securities or approved money market instruments issued by the same group (as referred to in sub-paragraph 14.2).
- 14.10 Not more than 20% in value of the scheme is to consist of the units of any one collective investment scheme.
- 14.11 In applying the limits in sub-paragraphs 14.3, 14.4, 14.7 and 14.8, and subject to sub-paragraphs 14.5 and 14.6, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 14.11.1 transferable securities or approved money market instruments issued by;
  - or
  - 14.11.2 deposits made with; or
  - 14.11.3 exposures from OTC derivatives transactions made with;
- a single body.
15. **Counterparty risk and issuer concentration**
- 15.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in sub-paragraphs 14.8 and 14.11 above.
- 15.2 When calculating the exposure of a Fund to a counterparty in accordance with the limits in 14.8 above, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 15.3 The ACD may net the OTC derivative positions of a Fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Fund.

- 15.4 The netting agreements in sub-paragraph 15.3 do not apply to any other exposures the Sub-Fund may have with that same counterparty.
- 15.5 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.
- 15.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in sub-paragraph 14.8 above when it passes collateral to an OTC counterparty on behalf of a Fund.
- 15.7 Collateral passed in accordance with sub-paragraph 15.5 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of a Fund.
- 15.8 The ACD must calculate the issuer concentration limits referred to in sub-paragraph 14.8 above on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.
- 15.9 In relation to the exposure arising from OTC derivative transactions as referred to in this paragraph 15, the ACD must include in the calculation any counterparty risks relating to the OTC derivative transactions.

16. **Spread: Government and public securities**

- 16.1 The following paragraph applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued or guaranteed by:
  - 16.1.1 the UK or an EEA State;
  - 16.1.2 a local authority of the UK or an EEA State;
  - 16.1.3 a non-EEA State;
  - 16.1.4 or a public international body to which the UK or one or more EEA States belong.
- 16.2 Where no more than 35% in value of the Scheme Property of the Fund may be 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.
- 16.3 **The Fund may invest more than 35% in value of its Scheme Property in such securities issued by any one body provided that:**
  - 16.3.1 **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 objectives of the authorised Fund;**



- 16.3.2 **no more than 30% in value of the Scheme Property of the Fund consists of such securities of any one issue;**
  - 16.3.3 **the Scheme Property of the Fund includes such securities issued by that or another issuer, of at least six different issues; and**
  - 16.3.4 **the disclosures required by the FCA have been made.**
- 16.4 In relation to such securities:
- 16.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
  - 16.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.
- 16.5 Currently the Fund does not invest in excess of 35% of the Scheme Property in transferable securities or approved money market instruments issued by the UK or an EEA State, a local authority of the UK or an EEA State, a non-EEA State or a public international body to which one or more EEA States belong.
- 16.6 Notwithstanding sub-paragraph 14.1 and subject to sub-paragraphs 16.2 and 16.3, in applying the 20% limit in sub-paragraph 14.11 with respect to a single body which is the UK or an EEA State, a local authority of the UK or an EEA State, a non-EEA State or a public international body to which one or more EEA States belong, transferable securities or approved money market instruments issued by that body shall be taken into account.
- 17. Investment in collective investment schemes**
- 17.1 The Fund may invest in units in a collective investment scheme (a "second scheme") provided that the second scheme satisfies the following conditions of sub-paragraph 17.2, and provided that no more than 30% of the value of the Scheme Property is invested in second schemes within sub-paragraphs 17.2.2 to 17.2.5:
- 17.2 The second scheme must be one that:
- 17.2.1 is a UK UCITS or satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
  - 17.2.2 is a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met); or
  - 17.2.3 is authorised as a Non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR(1), (3) and (4) are met); or
  - 17.2.4 is authorised in an EEA State (provided the requirements of COLL 5.2.13AR are met); or

- 17.2.5 be authorised by competent authority of an OECD member country (other than an EEA State) which has:
- (a) signed the IOSCO Multilateral Memorandum of Understanding; and
  - (b) approved the scheme's management company, rules and depositary/custody arrangements;
- (provided the requirements of COLL 5.2.13AR are met);
- 17.2.6 complies where relevant with sub-paragraph 17.3;
- 17.2.7 has terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes;
- 17.2.8 for the purposes of sub-paragraphs 17.2.6 and 17.2.7 a Fund of an umbrella scheme is to be treated as if it were a separate scheme but no Fund of an umbrella scheme may invest in another Fund of that umbrella scheme.
- 17.3 The Fund must not invest in or dispose of units in a second scheme, which is managed or operated by (or in the case of an OEIC, whose authorised corporate director is), the ACD, or an associate of the ACD, where there is a change in respect of such investment or disposal unless the ACD pays the amounts referred to in sub-paragraph 17.4 to the Fund by the close of business on the fourth business day next after the agreement to buy or sell.
- 17.4 On investment, the amount referred to in sub-paragraph 17.3 is either:
- 17.4.1 any amount by which the consideration paid by the Fund for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or
  - 17.4.2 if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of the units in the second scheme;
  - 17.4.3 on disposal, the amount referred to in sub-paragraphs 17.4.1 and 17.4.2 is the amount of any charge made for the account of the authorised Fund manager or operator of the second scheme or an associate of any of them in respect of the disposal; and
  - 17.4.4 In this paragraph 17:
    - (a) any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is

applied for the benefit of the second scheme and is, or is like, a dilution levy made is to be treated as part of the price of the units and not as part of any charge; and

- (b) any switching charge made in respect of an exchange of units in one Fund or separate part of that scheme is to be included as part of the consideration made for the units.

17.4.5 Where a substantial proportion of the fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to the fund, and to the other collective investment schemes in which it invests should not exceed 2.5% per annum plus VAT (if applicable)

17.5 Up to 100% of the Fund may be invested in collective investment schemes.

17.6 The requirements of COLL 5.2.13AR referred to above in clause 17.2 are that:

17.6.1 the second scheme is an undertaking:

- (a) with the sole object of collective investment in transferable securities or in other liquid financial assets, of capital raised from the public and which operate on the principle of risk-spreading; and
- (b) with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets (action taken by a scheme to ensure that the price of its units on an investment exchange does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption);

17.6.2 the second scheme is authorised under laws which provide that they are subject to supervision considered by the FCA to be equivalent to that laid down in the law of the UK, and that cooperation between the FCA and the supervisory authorities of the second scheme is sufficiently ensured;

17.6.3 the level of protection for unitholders in the second scheme is equivalent to that provided for unitholders in a UK UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and approved money market instruments are equivalent to the requirements of this chapter; and

17.6.4 the business of the second scheme is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.

## 18. **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 Fund, at the time when payment is required, without contravening the rules in Chapter 5 of the COLL Sourcebook.

## 19. **Derivatives - General**

19.1 Under the COLL Sourcebook derivatives are permitted for UK UCITS for investment purposes and for the purposes of efficient portfolio management (including hedging). **The investment objective and policy of the Fund (as set out in Sections 2.1 and 2.2) explains how derivatives will be used for the Fund.**

19.2 A transaction in derivatives or a forward transaction must not be effected for the Fund unless the transaction is of a kind specified in paragraph 20; and the transaction is covered, as required by paragraph 35.

19.3 Where the Fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 14 and 16, except for index based derivatives where the rules below apply.

19.4 Where a transferable security or an approved money market instrument embeds a derivative, this must be taken into account for the purposes of complying with this paragraph 19.

19.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

19.5.1 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;

19.5.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

19.5.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money market instrument.

19.6 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.

19.7 Where the Fund invests in an index based derivative, provided the relevant index falls within paragraph 21 the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 14 and 16. The relaxation is subject to the ACD continuing to ensure that the Scheme Property provides a prudent spread of risk.

19.8 Please refer to Section 24 ("RISK FACTORS") above for a description of the risk factors associated with investments in derivatives.

## 20. **Permitted Transactions (derivatives and forwards)**

20.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 24.

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

20.2.1 transferable securities permitted under sub-paragraphs 5.2.1 and 5.2.3;

20.2.2 approved money market instruments permitted under sub-paragraphs 5.2.1 to 5.2.3;

20.2.3 permitted deposits;

20.2.4 permitted derivatives under this paragraph;

20.2.5 collective investment scheme units permitted under paragraph 17;

20.2.6 financial indices which satisfy the criteria set out in paragraph 21;

20.2.7 interest rates;

20.2.8 foreign exchange rates and currencies.

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

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

20.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money market instruments, units in collective investment schemes, or derivatives provided that a sale is not to be considered as uncovered if the

conditions in COLL 5.2.22R(1), as read in accordance with the guidance at COLL 5.2.22AG, are satisfied.

- 20.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 20.7 A derivative includes an instrument which fulfils the following criteria:
- 20.7.1 it allows the transfer of the credit risk to the underlying independently from the other risks associated with that underlying;
  - 20.7.2 it does not result in the delivery or the transfer of assets other than those referred to in paragraph 5.1 including cash;
  - 20.7.3 in the case of an OTC derivative, it complies with the requirements in paragraph 24;
  - 20.7.4 its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risk of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 20.8 The Fund may not undertake transactions in derivatives on commodities.

## 21. **Financial indices underlying derivatives**

- 21.1 The financial indices referred to in sub-paragraph 20.2.6 are those which satisfy the following criteria:
- 21.1.1 the index is sufficiently diversified;
  - 21.1.2 the index represents an adequate benchmark for the market to which it refers;
  - 21.1.3 the index is published in an appropriate manner.
- 21.2 A financial index is sufficiently diversified if:
- 21.2.1 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;
  - 21.2.2 where it is composed of assets in which the Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this paragraph; and
  - 21.2.3 where it is composed of assets in which the Fund cannot invest, it is diversified in a way which is equivalent to the Diversification achieved by

the requirements with respect to spread and concentration set out in this paragraph.

- 21.3 A financial index represents an adequate benchmark for the market to which it refers if:
- 21.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 21.3.2 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
  - 21.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 21.4 A financial index is published in an appropriate manner if:
- 21.4.1 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
  - 21.4.2 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.
- 21.5 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 sub-paragraph 21.1.2 be regarded as a combination of those underlyings.

**22. Transactions for the purchase of property**

A derivative or forward transaction which would or could lead to the delivery of property for the account of the Fund may be entered into only if such property can be held for the account of the Fund, and the ACD having taken reasonable care determines that delivery of the property pursuant to the transaction will not lead to a breach of the COLL Sourcebook.

**23. Requirement to cover sales**

No agreement by or on behalf of the Fund to dispose of property or rights (except for a deposit) may be made unless:

23.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignment) of rights; and

23.2 the property and rights above are owned by the Fund at the time of the agreement.

24. **OTC transactions in derivatives**

24.1 Any transaction in an OTC derivative under COLL 5.2.20R(1)(b) must be:

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

- (a) an Eligible Institution or an Approved Bank; or
- (b) a person whose permission (including any requirements or limitations), as published in the FCA register permits it to enter into the transaction as principal off-exchange;
- (c) a CCP that is authorised in that capacity for the purposes of EMIR;
- (d) a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or
- (e) to the extent not already covered above, a CCP supervised in a jurisdiction that:
  - (i) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and
  - (ii) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019.

24.1.2 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

24.1.3 the ACD can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;

24.1.4 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: on the basis of an up-to-date market value which the ACD and the depositary have agreed is reliable; or, if that value is not available, on the basis of a pricing model which the ACD and the depositary have agreed uses an adequate recognised methodology; and

- 24.1.5 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 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 a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.
- 24.2 For the purposes of 24.1.2 "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.
- 24.3 In respect of its obligations under COLL 6.6.4R(1)(a), the Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with COLL 5.2.23R(1) to COLL 5.2.23R(4).

## 25. **Valuation of OTC derivatives**

- 25.1 For the purposes of sub-paragraph 24.1.2 and 24.1.3, the ACD must:
  - 25.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Fund to OTC derivatives; and
  - 25.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 25.2 Where the arrangements and procedures referred to in sub-paragraph 25.1 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 UCITS schemes).
- 25.3 The arrangements and procedures referred to in sub-paragraph 25.1 above must be
  - 25.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

25.3.2 adequately documented.

## 26. **Risk management**

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

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

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

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

26.3 The ACD must assess, monitor and periodically review:

26.3.1 the adequacy and effectiveness of the risk management policy and of the arrangements, processes and techniques referred to in COLL 6.12.5R;

26.3.2 the level of compliance by the ACD with the risk management policy and with those arrangements, processes and techniques referred to in COLL 6.12.5R;

26.3.3 the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process.

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

## 27. **Investment in deposits**

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

## 28. **Significant influence**

28.1 The Fund 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:

28.1.1 immediately before the acquisition, the aggregate of any such securities held by the Fund, gives the Fund power significantly to influence the conduct of business of that body corporate; or

28.1.2 the acquisition gives the Fund that power.

28.2 For the purpose of paragraph 28.1, the Fund 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).

**29. Concentration**

**29.1 The Fund:**

29.1.1 must not acquire transferable securities (other than debt securities) which:

- (a) do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
- (b) represent more than 10% of those securities issued by that body corporate;

29.1.2 must not acquire more than 10% of the debt securities issued by any single issuing body;

29.1.3 must not acquire more than 25% of the units in a collective investment scheme;

29.1.4 must not acquire more than 10% of the approved money market instruments issued by any single body; and

29.1.5 need not comply with the limits in sub-paragraphs 29.1.2 to 29.1.4 of this part of this Appendix if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

**30. Daily Calculation of global exposure**

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

30.2 For the purposes of this paragraph, 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.

**31. Calculation of global exposure**

31.1 The ACD must calculate the global exposure of the Fund either as:

31.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 20 (derivatives and forwards)), which may not

exceed 100% of the net value of the Scheme Property of the Fund, by way of the commitment approach; or

- 31.1.2 the market risk of the Scheme Property of the Fund, by way of the value at risk approach.
- 31.2 The ACD must ensure that the method selected above is appropriate, taking into account:
  - 31.2.1 the investment strategy pursued by the Fund;
  - 31.2.2 the types and complexities of the derivatives and forward transactions used; and
  - 31.2.3 the proportion of the Scheme Property comprising derivatives and forward transactions.
- 31.3 Where the Fund employs techniques and instruments including Repo contracts or stock lending transactions in accordance with paragraph 47 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.
- 31.4 For the purposes of sub-paragraph 31.1, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.
- 32. **Commitment approach**
- 32.1 Where the ACD uses the commitment approach for the calculation of global exposure, it must:
  - 32.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in paragraph 20 (derivatives and forwards)), whether used as part of the Fund's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management in accordance with paragraph 47 (Stock lending); and
  - 32.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 32.2 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- 32.3 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of the Fund, where these

arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.

- 32.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Fund, the underlying exposure need not be included in the commitment calculation.
- 32.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Fund in accordance with paragraph 39 (Borrowing) need not form part of the global exposure calculation.

**33. Schemes replicating an index**

33.1.1 Notwithstanding paragraph 14, the Fund may invest up to 20% in value of the Scheme Property in Shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined in paragraph 34.

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

33.1.3 The limit in sub-paragraph 33.1.1 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.

33.1.4 The investment policy of the Fund does not currently provide for the replication of the performance or composition of an index.

**34. Relevant indices**

34.1 The indices referred to above are those which satisfy the following criteria:

34.1.1 The composition is sufficiently diversified;

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

34.1.3 The index is published in an appropriate manner.

34.2 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this paragraph.

34.3 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.

34.4 An index is published in an appropriate manner if:

34.4.1 it is accessible to the public;

34.4.2 the index provider is independent from the index-replicating Fund; this does not preclude index providers and the Fund from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

35. **Cover for investment in derivatives**

The Fund may invest in derivatives and forward transactions as part of its investment policy provided:

35.1 its global exposure relating to derivatives and forward transactions held in the Fund does not exceed the net value of the Scheme Property; and

35.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 14 above (Spread: general).

36. **Cover and borrowing**

36.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under the previous paragraph 35 as long as the normal limits on borrowing (see below) are observed.

36.2 Where, for the purposes of this paragraph, the Fund 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 on deposit with the lender (or their agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 39 do not apply to that borrowing.

36.3 Transactions permitted by paragraph 47 (Stock lending) are not to be regarded as lending for the purposes of paragraph 41.1.

36.4 The Scheme Property must not be mortgaged.

36.5 Where transactions in derivatives or forward transactions are used for the account of the Fund in accordance with any of the rules in chapter 5 of the COLL Sourcebook, nothing in this rule prevents the Fund or the depositary at the request of the ICVC from:

36.5.1 lending, depositing, pledging or charging Scheme Property for margin requirements; or

36.5.2 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.

**37. Cash and near cash**

37.1 Cash and near cash must not be retained in the Scheme Property of the Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:

37.1.1 the pursuit of the Fund's investment objectives; or

37.1.2 redemption of units; or

37.1.3 efficient management of the Fund in accordance with its investment objectives; or

37.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.

**38. General power to borrow**

38.1 The Fund may, in accordance with this paragraph and paragraph 39, borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property of the Fund. This power to borrow is subject to the obligation of the Fund to comply with any restriction in the instrument constituting the Fund.

38.2 The Fund may borrow under paragraph 38.1 only from an Eligible Institution or an Approved Bank.

38.3 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:

38.3.1 the duration of any period of borrowing; and

38.3.2 the number of occasions on which resort is had to borrowing in any period.

38.4 The ACD must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the depositary. The depositary may only give its consent as required under this paragraph on such conditions as appear to the depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

38.5 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes.

38.6 The Fund must not issue any debenture unless it acknowledges or creates a borrowing that complies with this paragraph 38.

**39. Borrowing limits**

39.1 The ACD must ensure that the Fund's borrowing does not, on any business day, exceed 10% of the value of the Scheme Property of the Fund.

39.2 This paragraph does not apply to "back to back" borrowing for currency hedge purposes.

39.3 In this paragraph 39, "borrowing" includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.

**40. Restrictions on lending of money**

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

40.2 Acquiring a debenture is not lending for the purposes of sub-paragraph 40.1; nor is the placing of money on deposit or in a current account.

40.3 Sub-paragraph 40.1 does not prevent the Fund from providing an officer of the Fund with Funds to meet expenditure to be incurred by them for the purposes of the Fund (or for the purposes of enabling them properly to perform their duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

**41. Restrictions on lending of property other than money**

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

41.2 Transactions permitted by paragraph 47 are not lending for the purposes of sub-paragraph 41.1.

41.3 The Scheme Property of the Fund must not be mortgaged.

41.4 Where transactions in derivatives or forward transactions are used for the account of the Fund in accordance with any of the rules in chapter 5 of the COLL Sourcebook, nothing in this rule prevents the Fund or the depositary at the request of the Fund from:

41.4.1 lending, depositing, pledging or charging Scheme Property for margin requirements; or



41.4.2 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.

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

42.1 Any power in Chapter 5 of the COLL Sourcebook to invest in transferable securities may be used for the purpose of entering into transactions to which this paragraph applies, subject to compliance with any restriction in the Instrument of Incorporation.

42.2 This paragraph applies, subject to sub-paragraph 42.3, to any agreement or understanding:

42.2.1 which is an underwriting or sub-underwriting agreement; or

42.2.2 which contemplates that securities will or may be issued or subscribed for or acquired for the account of the Fund.

42.3 Sub-paragraph 42.2 does not apply to:

42.3.1 an option; or

42.3.2 a purchase of a transferable security which confers a right:

(a) to subscribe for or acquire a transferable security; or

(b) to convert one transferable security into another.

42.4 The exposure of the Fund to agreements and understandings within sub-paragraph 42.2 must, on any business day:

42.4.1 be covered in accordance with the requirements of paragraph 36; and

42.4.2 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 Chapter 5 of the COLL Sourcebook.

**43. Underwriting**

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

**44. Guarantees and indemnities**

44.1 The Fund or the depositary for the account of the Fund must not provide any guarantee or indemnity with respect to the obligation of any person.

- 44.2 None of the Scheme Property of the Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 44.3 Sub-paragraphs 44.1 and 44.2 do not apply in respect of the Fund to:
- 44.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the COLL Sourcebook;
  - 44.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the treasury regulations;
  - 44.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the treasury 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
  - 44.3.4 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 Fund and the holders of units in that scheme become the first Shareholders in the Fund.

45. **Efficient Portfolio Management**

- 45.1 The ACD may use the Scheme Property of the Fund for the purposes of "hedging" using EPM style techniques.
- 45.2 To achieve EPM the ACD will use derivative transactions or forward currency transactions as appropriate. However such transactions must be:
- 45.2.1 economically appropriate;
  - 45.2.2 fully covered by assets within the Fund;
  - 45.2.3 used to achieve one or more of the following:
    - (a) a reduction in risk;
    - (b) a reduction in cost;
    - (c) the generation of additional capital or income with no, or an acceptably low level of risk consistent with the risk profile of the Fund and the risk diversification rules set forth in the COLL Sourcebook.
- 45.3 Therefore, no transaction may be undertaken under these provisions if it could reasonably be regarded as speculative.

45.4 Transactions deemed to offer an acceptable low level of risk under sub-paragraph 45.2.3(c) above are those where the:

45.4.1 transactions take advantage of pricing imperfections in relation to the acquisition and disposal (or disposal and acquisition) of rights in relation to the same or equivalent property; or

45.4.2 transactions where the Fund receives a premium for the writing of a covered call or put option, even if the benefit arising is obtained at the expense of the chance of greater possible future benefit.

46. **General**

46.1 It is not intended that the Fund will have an interest in any immovable property or tangible moveable property.

46.2 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Fund but, in the event of a consequent breach, the ACD must take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

47. **Stock lending**

47.1 The entry into stock lending or Repo transactions for the account of the Fund is permitted for the generation of additional income for the benefit of the Fund, and hence for its investors.

47.2 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 them against the risk that the future transfer back of the securities may not be satisfactorily completed.

47.3 The stock lending permitted by this Section may be exercised by the Fund when it reasonably appears to the Fund to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.

47.4 The Fund (or the depositary acting in accordance with the instructions of the ACD) 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:

47.4.1 all the terms of the agreement under which securities are to be reacquired by the depositary for the account of the Fund, are in a form which is acceptable to the depositary and are in accordance with good market practice;

47.4.2 the counterparty is:

- (a) an authorised person; or
- (b) a person authorised by a Home State regulator; or
- (c) a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
- (d) a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America:
  - (i) the Office of the Comptroller of the Currency;
  - (ii) the Federal Deposit Insurance Corporation;
  - (iii) the Board of Governors of the Federal Reserve System; and
  - (iv) the Office of Thrift Supervision, and

47.4.3 high quality and liquid collateral is obtained to secure the obligation of the counterparty under the terms referred to in sub-paragraph 47.4.1 and the collateral is:

- (a) acceptable to the depositary;
- (b) adequate; and
- (c) sufficiently immediate.

47.4.4 The counterparty for the purpose of sub-paragraph 47.4 is the person who is obliged under the agreement referred to in sub-paragraph 47.4.1 to transfer to the depositary the securities transferred by the depositary under the stock lending arrangement or securities of the same kind.

47.4.5 Sub-paragraph 47.4.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

- 47.5 The depositary must ensure that the value of the collateral at all times is at least equal to the market value of the securities transferred by the depositary plus a premium in accordance with the COLL Sourcebook. 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.
- 47.6 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 Fund.
- 47.7 There is no limit on the value of the Scheme Property of the Fund which maybe the subject of stock lending transactions. Currently, no stock lending is undertaken for the account of the Fund or Repo contracts entered in to.

**APPENDIX 3**  
**LIST OF ADDITIONAL ELIGIBLE SECURITIES MARKETS**

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

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

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

1	<b>AUSTRALIA</b>	ASX Group Limited
2	<b>BRAZIL</b>	BM&F BOVESPA SA
3	<b>CANADA</b>	Toronto Stock Exchange Group TSX Ventures Exchange
4	<b>CHILE</b>	Bolsa de Comercio de Santiago
5	<b>CHINA</b>	Shanghai Stock Exchange Shenzhen Stock Exchange
6	<b>HONG KONG</b>	Hong Kong Exchanges & Clearing Limited
7	<b>INDIA</b>	Bombay Stock Exchange Ltd National Stock Exchange
8	<b>INDONESIA</b>	Indonesia Stock Exchange
9	<b>ISRAEL</b>	Tel Aviv Stock Exchange
10	<b>JAPAN</b>	JASDAQ Stock Exchange Nagoya Stock Exchange Osaka Securities Exchange Sapporo Securities Exchange

		<p>Tokyo Stock Exchange</p> <p>Fukuoka Stock Exchange</p> <p>Mothers Market</p> <p>TSE J-Reit</p>
11	<b>KOREA</b>	Korea Exchange Incorporated (KRX)
12	<b>MALAYSIA</b>	Bursa Malaysia Securities Berhad
13	<b>MEXICO</b>	Bolsa Mexicana de Valores (Mexican Stock Exchange)
14	<b>NEW ZEALAND</b>	New Zealand Exchange Limited
15	<b>PERU</b>	Lima Stock Exchange (Bolsa de Valores de Lima)
16	<b>PHILIPPINES</b>	Philippine Stock Exchange
17	<b>SINGAPORE</b>	Singapore Exchange
18	<b>SOUTH AFRICA</b>	Johannesburg Securities Exchange
19	<b>TAIWAN</b>	<p>Taiwan Stock Exchange</p> <p>Gre Tai Securities Market</p>
20	<b>THAILAND</b>	The Stock Exchange of Thailand (SET)
21	<b>TURKEY</b>	Istanbul Stock Exchange
22	<b>USA</b>	<p>NASDAQ</p> <p>Chicago Stock Exchange</p> <p>International Securities Exchange</p> <p>NYSE Euronext</p> <p>National Stock Exchange</p> <p>The market in transferable securities issued by or on behalf of the Government of the United States of America conducted through those persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealers</p>
23	<b>OTHERS</b>	SIX Group (Switzerland)





**APPENDIX 4**  
**LIST OF ADDITIONAL ELIGIBLE DERIVATIVES MARKETS**

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

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

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

1	<b>AUSTRALIA</b>	ASX Group Limited
2	<b>BRAZIL</b>	BM&F Bovespa
3	<b>CANADA</b>	Montreal Exchange
4	<b>HONG KONG</b>	Hong Kong Exchanges & Clearings Limited
5	<b>JAPAN</b>	Osaka Securities Exchange (OSE) Tokyo Stock Exchange (TSE) Tokyo Financial Exchange, Inc
6	<b>KOREA</b>	Korea Exchange
7	<b>SINGAPORE</b>	Singapore Exchange
8	<b>SOUTH AFRICA</b>	JSE Securities Exchange The South African Futures Exchange
9	<b>USA</b>	CME Group, Inc. Chicago Board Options Exchange (CBOE) International Securities Exchange NYSE Euronext

		OTHERS SIX Group (Switzerland)
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**APPENDIX 5**  
**PAST PERFORMANCE DETAILS**

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

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

	<b>2019</b> %	<b>2020</b> %	<b>2021</b> %	<b>2022</b> (%)	<b>2023</b> (%)
<b>TM Acer Fund</b>	22.23	7.30	13.50	-11.37	10.44
Performance Target - ARC Private Client Indices (PCI) Steady Growth Net Return Index	15.00	4.85	10.76	-9.76	7.20

Source of performance data – Morningstar

**Please Note: THE SOURCE FOR PERFORMANCE DATA HAS RECENTLY BEEN CHANGED. THIS CHANGE MAY HAVE RESULTED IN VARIATIONS FROM PREVIOUSLY PUBLISHED PERFORMANCE FIGURES.**

These performance figures are presented as a matter of historical record and should be regarded as such.

**Performance is determined by many factors, including the general direction and volatility of markets and may not be repeatable.**

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

**APPENDIX 6****List of Sub-custodians**

The Custodian may delegate the custody of assets to the following Sub-Custodians and Sub-Custodian Delegates, where applicable as regards the Eligible Markets listed in Appendix 3.

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

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

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

<b>Kazakhstan</b>	Citibank Kazakhstan JSC	
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	
<b>Morocco</b>	Société Générale Marocaine de Banques	
<b>Namibia</b>	Standard Bank Namibia Ltd	
<b>Netherlands</b>	The Northern Trust Company	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ)	

<b>Oman</b>	First Abu Dhabi PJSC, Oman Branch	
<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Handlowy w Warszawie S.A.	
<b>Portugal</b>	BNP Paribas SA	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	
<b>Russia</b>	AO Citibank	
<b>Saudi Arabia</b>	The Northern Trust Company of Saudi Arabia	
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Slovakia</b>	Citibank Europe PLC	
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	



<b>South Africa</b>	The Standard Bank of South Africa Limited	
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Citibank Europe plc	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Switzerland</b>	UBS AG Switzerland	
<b>Taiwan</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Taiwan) Limited
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	
<b>Tunisia</b>	Union Internationale de Banques	
<b>Turkey</b>	Citibank A.S.	
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	
<b>Ukraine (Market Suspended)</b>	JSC "Citibank"	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch

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

**APPENDIX 7**  
**LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY**  
**THE ACD**

<b><u>Authorised Contractual</u></b>			<b><u>Authorised Investment</u></b>	<b><u>Authorised Unit Trusts</u></b>
<b><u>Schemes</u></b>			<b><u>Companies with Variable</u></b>	
			<b><u>Capital</u></b>	
TM	Brunel	Pension	Abaco Fund ICVC	BPM Trust
Partnership	ACS		Arch House Fund	Eden Investment Fund
			Ariel Fund	Elfynn International Trust
			Bryth ICVC	Glenhuntley Portfolio Trust
			Canterbury Investment Fund	Hawthorn Portfolio Trust
			CP Investment Funds	KES Diversified Trust
			Destiny Fund ICVC	KES Equity Fund
			Harroway Capital ICVC	KES Growth Fund
			Hawarwata Fund	KES Income and Growth Fund
			Libero Portfolio Fund	KES Strategic Investment Fund
			Lime Grove Fund	Latour Growth Fund
			Meadowgate Funds	Lavaud Fund
			Moulsoe Fund	Mossylea Fund
			Scarp Fund	Pippin Return Fund
			Skiwi Fund	The Castor Fund
			The Ambrose Fund	The Darin Fund
			The Astral Fund	The Delta Growth Fund
			The Capital Link Growth Fund	The Deribee Funds
			The Contact Fund	The Eldon Fund
			The Diversification Fund ICVC	The Hall Fund
			The Dunnottar Fund	The HoundStar Fund
			The Global Multi Asset Fund	The Iceberg Trust
			The Gulland Fund	The Maiden Fund
			The Hector Fund	The Millau Fund
			The Juniper Fund	The Norfolk Trust
			The Lockerley Fund	The Notts Trust
			The Mazener Fund	The Palfrey Fund
			The MCMLXIII Fund	The TM Stockwell Fund
			The Motim Fund	The White Hill Fund
			The Northern Funds	Thesis Headway Fund
			The Oenoke Fund	Thesis Lion Growth Fund
			The Ord Fund ICVC	Thesis PM A Fund
			The Overstone Fund	Thesis PM B Fund
			The Penare Fund	Thesis Thameside Managed Fund
			The Saint Martins Fund	The TUTMAN B&CE
			The Staderas Fund	Contracted-out Pension Scheme
			The Stratford Fund	TM Balanced Fund
			The Sun Portfolio Fund	TM Chainpoint Fund
			The TBL Fund	TM Growth Fund
			The TM Lancewood Fund	TM Hearthstone UK
			The TM Mitcham Fund	Residential Feeder Fund
			The Torridon Growth Fund	TM Managed Fund
			The Vinings Fund	
			The Wharton Fund	

Thesis JDS Fund	TM Masonic Charitable
TM Balanced Growth Fund	Foundation Investment Fund
TM Brown Advisory Funds	TM Merlin Fund
TM Brunsdon OEIC	TM New Court Fund
TM Cerno Investment Funds	TM New Court Growth Fund
TM Cresswell Fund	TM New Court Return Assets
TM CRUX Funds ICVC	Fund
TM First Arrow Investment	TM New Institutional World
Funds	Fund
TM Hearthstone ICVC	TM Preservation Fund
TM Investment Exposures	TM Private Portfolio Trust
Fund	TM Stonehage Fleming
TM Investment Funds	Global Equities Fund
TM Lime Fund	TM Stonehage Fleming
TM Natixis Investment Funds	Global Equities Fund II
U.K. ICVC	TM Stonehage Fleming
TM Neuberger Berman	Global Equities Umbrella
Investment Funds	Fund
TM Oak Fund	
TM OEIC	
TM Optimal Funds	
TM P1 Investment Funds	
TM Redwheel Funds	
TM Ruffer Portfolio	
TM Stonehage Fleming	
Global Multi-Asset Umbrella	
Fund	
TM Stonehage Fleming	
Investments Funds	
TM Tellworth Investments	
Funds	
TM Total Return Fund	
TM UBS (UK) Fund	
TM Veritas Investment ICVC	
Trowbridge Investment	
Funds	

**DIRECTORY**

<b>ACD</b>	Thesis Unit Trust Management Limited Exchange Building, St Johns Street, Chichester, West Sussex, PO19 1UP
<b>Administrator, Registrar and Fund Accountant</b>	Northern Trust Global Services SE, UK branch 50 Bank Street, Canary Wharf, London E14 5NT
<b>Dealing office:</b>	Thesis Unit Trust Management Limited Sunderland SR43 4AZ
<b>Investment Managers:</b>	Evelyn Partners Asset Management Limited 6 Chesterfield Gardens, London W1J 5BQ www.evelyn.com Registered in England No. 03900078  Charles Stanley & Co Limited 55 Bishopsgate, London EC2N 3AS www.charles-stanley.co.uk Registered in England No. 01903304  Evelyn Partners Investment Management LLP 45 Gresham Street, London EC2V 7BG www.evelyn.com Registered in England No. OC369632
<b>Depository:</b>	NatWest Trustee and Depositary Services Limited House A, Floor 0, Gogarburn, 175 Glasgow Road, Edinburgh EH12 1HQ Registered in England No. 11194605
<b>Custodian:</b>  Principal place of business:  Who may also act under this power through its London branch:	<b>The Northern Trust Company</b> 50 South LaSalle Street, Chicago, Illinois, USA  50 Bank Street, Canary Wharf, London E14 5NT

**Register** The Register is maintained by Northern Trust Global Services SE, UK Branch.

The Register for the Fund is kept and can be inspected free of charge at the offices of Northern Trust Global Services SE, UK Branch at 50 Bank Street, Canary Wharf, London, E14 5NT.