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PROSPECTUS

of

**TM ADMIRAL FUND**

A NURS  
Open-Ended Investment Company

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Valid as at and dated 01 December 2025

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

Thesis Unit Trust Management Limited

Authorised and regulated by the Financial Conduct Authority

FCA firm reference number: 186882

**PROSPECTUS**  
**OF**  
**TM ADMIRAL FUND**

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

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

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

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

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

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out-of-date prospectus when it has issued a new Prospectus and potential investors should check that they have the most recently published Prospectus. Purchases must be made on the basis of the information contained in the most recently published Prospectus and supplementary documentation, including the latest reports when issued, which are available from the registered office of the ACD. Investors should check with the ACD that this is the most recently published version of the Prospectus.

Potential Shareholders should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

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

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## TM ADMIRAL FUND PROSPECTUS

### 1. Definitions

1.1 In this Prospectus the following words and expressions shall have the following meanings:

**Accumulation Shares** means Shares (of whatever Class) as may be in issue from time to time in respect of which income allocated to the Share is credited periodically to capital pursuant to the FCA Rules.

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

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

**Administrator** means Northern Trust Global Services SE, UK branch, or such other entity as is appointed to act as administrator to the Company from time to time.

**AIF** means an alternative investment fund within the scope of the UK AIFM regime.

**AIFM** means an alternative investment fund manager as defined in the FCA Glossary.

**AIFMD** means the Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and of the Council of 08 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.

**AIFMD Level 2 regulation** has the meaning set out in the FCA Glossary.

**AIFMD UK regulation** means the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773).

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

- (a) if the account is opened at a branch in the United Kingdom:
  - (i) the Bank of England; or
  - (ii) the central bank of a member state of the OECD; or
  - (iii) a bank; or
  - (iv) a building society; or
  - (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
- (b) if the account is opened elsewhere:
  - (i) a bank in (a) above; or

- (ii) a bank which is regulated in the Isle of Man or the Channel Islands; or
- (c) a bank supervised by the South African Reserve Bank; or
- (d) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator,

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

**Approved Derivative** means an approved derivative which is traded or dealt on an eligible derivatives market and any transaction in such a derivative must be effected on or under the rules of the market.

**Associate** has the meaning set out in the FCA Glossary.

**Auditors** means Deloitte LLP, or such other entity as is appointed to act as auditor of the Company from time to time.

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

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

**CCP** has the meaning set out in the FCA Glossary.

**Class** (or **Classes**) means (according to the context) all of the Shares or a particular class (or classes) of Share.

**COLL** means the Collective Investment Schemes Sourcebook published by the FCA as part of the FCA Handbook made under the Act for the time being in force (as amended or replaced).

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

**Company** means TM Admiral Fund.

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

- (a) the UK GDPR;
- (b) the Data Protection Act 2018;
- (c) any laws which implement any such laws;
- (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
- (e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws;

**Dealing Day** means a Business Day which does not fall within a period of suspension of calculation of the Net Asset Value (unless stated otherwise in this Prospectus) and any such other day as the ACD may decide from time to time and agree with the Depositary.

**Depositary** means the person to whom is entrusted the safekeeping of all of the Scheme Property of the Company (other than certain Scheme Property designated by the FCA Rules), being NatWest Trustee and Depositary Services Limited and its successor or successors as depositary.

**Depositary Agreement** means the agreement between the Company, the ACD and the Depositary regarding the appointment of the Depositary.

**Directors** means the director or directors of the Company for the time being (including the ACD) or, as the case may be, the directors assembled as a board (including any committee of such board) from time to time.

**EEA** means the European Economic Area.

**EEA State** means a member state of the European Union and any other state which is within the EEA.

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

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

**Eligible Institution** has the meaning set out in the FCA Glossary.

**EMIR** has the meaning set out in the FCA Glossary.

**FATCA** means the Foreign Account Tax Compliance Act (US).

**FCA** means the Financial Conduct Authority of 12 Endeavour Square, London, E20 1JN or such successor regulatory authority from time to time.

**FCA Glossary** means the glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time.

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

**FCA Rules** means the rules contained in COLL and FUND but, for the avoidance of doubt, not including guidance or evidential requirements contained in either sourcebook.

**Financial Instrument** has the meaning set out in the FCA Glossary.

**FUND** means the rules contained in the Investment Funds sourcebook as part of the FCA's Handbook of rules and guidance made under the Act as it may be amended, supplemented or replaced from time to time.

**Fund Accountant** means Northern Trust Global Services SE, UK branch, or such other entity as is appointed to act as fund accountant to the Company from time to time.

**ICVC** means an investment company with variable capital and has the meaning set out in the FCA Glossary.

**Income Shares** means Shares (of whatever Class) as may be in issue from time to time in respect of which income allocated to the Share is distributed periodically to the Shareholder pursuant to the FCA Rules.

**Initial Offer Period** means a period described under paragraph 9.1.

**Instrument of Incorporation** means the instrument of incorporation of the Company as amended from time to time.

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

**Investment Managers** means the investment managers set out in Appendix 7 and as further described in paragraph 7 and **Investment Manager** shall mean each investment manager or a particular investment manager as the context shall dictate.

**ISA** has the meaning set out in the FCA Glossary.

**Leverage** bears the meaning as set out in the UK AIFM regime and as further described at paragraph 20.

**Losses** means any losses, costs, expenses, damages, charges, liabilities or claims, judgments, actions and proceedings.

**Master Scheme** means any of the following:

- a master UCITS (in the case of a feeder UCITS);
- a qualifying master scheme (in the case of a feeder NURS);
- a property authorised investment fund (in the case of a scheme dedicated to units in a single property authorised investment fund); or
- or the master recognised scheme (in the case of a scheme dedicated to units in a recognised scheme being a scheme recognised under section 272 of the Act).

**Net Asset Value** means the value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Instrument of Incorporation.



**Non-UCITS Retail Scheme (or NURS)** means an authorised fund which is not a UK UCITS, a qualified investor scheme or a long-term asset fund.

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

**OEIC Regulations** means The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended from time to time.

**OTC derivative** means over-the-counter derivative.

**Prospectus** means this prospectus of the Company as amended or updated from time to time.

**pounds sterling** and the sign **£** means pounds sterling of the United Kingdom.

**Register** means the register of Shareholders.

**Registrar** means the person who maintains the Register, being Northern Trust Global Services SE, UK branch and its successor or successors as registrar.

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

**Securities Financing Transactions** or **SFTs** has the meaning set out in the FCA Glossary.

**Share** or **Shares** means a share or shares in the Company (including larger denomination shares and fractions).

**Shareholder** means a registered holder of Shares.

**Switch** means the exchange of Shares of one Class for Shares of another Class.

**Total Return Swaps** or **TRSs** means total return swaps as defined by the UK SFTR.

**UCITS** means an undertaking for collective investment in transferable securities. This will include a UCITS scheme or an EEA UCITS scheme, each as defined in the FCA Glossary.

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

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

**UK AIF** has the meaning set out in the FCA Glossary.

**UK AIFM** means an AIFM established in the UK and with a permission under Part 4A of the Act to carry on the regulated activity of managing an AIF.

**UK AIFM regime** means:

- (a) the AIFMD UK regulation;
- (b) the AIFMD Level 2 regulation; and

- (c) all other UK law and regulation (including FUND) which, when made, implemented AIFMD in the UK.

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

**UK SFTR** has the meaning set out in the FCA Glossary.

**UK UCITS** has the meaning set out in the FCA Glossary.

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

**USD** means United States dollar.

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

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

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

**Valuation Point** means the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the purpose of determining the price at which Shares may be issued, cancelled or redeemed. The current Valuation Point is normally at 10:30pm London time on a Dealing Day. Special valuations may take place if at any time the ACD considers it desirable to do so.

**VAT** means value added tax or any equivalent or replacement tax.

**1933 Act** means the United States Securities Act of 1933 (as may be amended or re-enacted).

- 1.2 Headings used in this Prospectus are for convenience only and shall not affect their meaning or legal effect.
- 1.3 References in the main body of the Prospectus to **paragraphs** mean paragraphs in the main body of the Prospectus unless otherwise stated. Similarly, references in an Appendix to **paragraphs** mean paragraphs in the relevant Appendix unless otherwise stated.
- 1.4 References to the plural shall include the singular and vice versa.
- 1.5 Unless otherwise defined in paragraph 1.1 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.

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

## **2. The Company**

- 2.1 TM Admiral Fund is a stand-alone authorised open-ended investment company with variable capital incorporated in England and Wales, whose effective date of authorisation by the FCA was 11 September 2024. The Company's registration number is IC245272. The product reference number of the Company is 1019254.
- 2.2 The Company is an ICVC.
- 2.3 The Head Office of the Company is at Exchange Building, St. John's Street, Chichester, West Sussex, PO19 1UP and this is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.
- 2.4 The base currency of the Company is pounds sterling or such other currency or currencies as may be the lawful currency of the United Kingdom from time to time. The value of the Scheme Property attributable to prices of Shares of and payments made in respect of the Company shall be calculated or made in the base currency of that Company.
- 2.5 The maximum share capital of the Company is £100,000,000,000 and the minimum share capital is £100. Shares have no par value and therefore the share capital of the Company at all times equals the Company's current Net Asset Value.
- 2.6 The duration of the Company is unlimited.
- 2.7 Shareholders in the Company are not liable for the debts of the Company.
- 2.8 The Company has been established as a Non-UCITS Retail Scheme. It is not intended that the Company will be marketed outside the UK.
- 2.9 It is intended that the Company will qualify for ISAs and ISA investors will be accepted in the Company provided that the investor has their own ISA manager.

## **3. Investment objective, investment policy and other details**

- 3.1 Investment of the Scheme Property of the Company must comply with the FCA Rules and the investment objective and investment policy of the Company. Further details, including the investment objective and investment policy, are set out in Appendix 1.
- 3.2 A detailed statement of the general investment and borrowing restrictions, and the extent to which the EPM techniques may be deployed, is set out in Appendix 2.

3.3 The eligible securities markets and eligible derivatives markets on which the Company may invest are set out in Appendix 5.

3.4 Historical performance data for the Company is set out in Appendix 4.

3.5 The Investor Profile of the Company is set out in Appendix 1.

#### **4. Shares**

4.1 The Company may issue any kind of Share permitted by the FCA Rules and the Instrument of Incorporation.

4.2 Different Classes of Shares may be issued in respect of the Company. The Classes of Share are distinguished by their criteria for subscription and fee structure. Accumulation Shares and/or Income Shares may be issued, and each Class may be subject to further designation, as set out in the Company's Instrument of Incorporation. Details of the Classes currently available in the Company and the types of investors the Shares are made available to, are set out in Appendix 1. Further Share Classes may be made available in due course, as the ACD may decide.

4.3 The minimum initial investment, subsequent investment and holding requirements for each Class the Company is set out in Appendix 1. These limits may be waived at the discretion of the ACD.

4.4 Shares will be issued in larger and smaller denominations. There are 10,000 smaller denomination shares to each larger denomination share. Smaller denomination shares represent what, in other terms, might be called fractions of a larger share and have proportionate rights.

4.5 Holders of Income Shares are entitled to be paid the income attributed to such Shares on the relevant allocation dates set out in Appendix 1. In the case of Accumulation Shares, income is not distributed but retained and accumulated for the benefit of Shareholders and this is reflected in the price of such Shares.

4.6 Where the Company has different Classes, each Class may attract different charges and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes will be adjusted accordingly.

4.7 Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a Class for Shares in another Class. Details of this switching facility and the restrictions are set in paragraph 9.13 below.

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

4.9 The Company reserves the right to issue Shares expressed in a different currency from time to time.

4.10 Shares do not carry preferential or pre-emptive rights to acquire further Shares.

4.11 The rights attached to a Class of Shares may be varied in accordance with the FCA Handbook.

4.12 Names and addresses of Shareholders will be entered in the Register to evidence title to the Shares. Shareholders will not be issued with a certificate.

## **5. The ACD**

### **5.1 General information**

- 5.1.1 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.
- 5.1.2 The ACD is authorised and regulated by the Financial Conduct Authority and is authorised to carry on certain permitted regulated activities in the United Kingdom in accordance with the Act.
- 5.1.3 The ACD's head office and registered office is at Exchange Building, St. John's Street, Chichester, West Sussex, PO19 1UP.
- 5.1.4 As at the date of this Prospectus, the ACD had a share capital of £5,673,167 issued and paid up.
- 5.1.5 The main business activities of the ACD are acting as manager of authorised unit trusts and authorised corporate director of open ended investment companies, and acting as a manager to alternative investment funds.
- 5.1.6 The directors of the ACD are:
- (a) S R Mugford, Finance Director;
  - (b) D W Tyerman, Chief Executive Officer;
  - (c) S E Noone, Client Service Director;
  - (d) D K Mytnik, Non-Executive Director;
  - (e) V R Smith, Non-Executive Director;
  - (f) C A E Lawson, Independent Non-Executive Director;
  - (g) S Macdonald, Independent Non-Executive Director;
  - (h) L R Robinson, Independent Non-Executive Director;
  - (i) C J Willson, Independent Non-Executive Director; and
  - (j) N C Palios, Non-Executive Chair.
- 5.1.7 S R Mugford is also a director of Tutman Fund Solutions Limited and a member of the governing body of TUTMAN LLP, both authorised fund managers within the same group as the ACD, performing a senior management function. He holds directorships of other companies within the Thesis group and performs a senior management function within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.
- 5.1.8 D W Tyerman is also a member of the governing body of TUTMAN LLP, an authorised fund manager within the same group as the ACD, performing senior management functions. He holds directorships of

other companies within the Thesis group and performs senior management functions within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.

- 5.1.9 S E Noone is also a member of the governing body of TUTMAN LLP, an authorised fund manager within the same group as the ACD, performing a senior management function.
- 5.1.10 N C Palios is also a director of Tutman Fund Solutions Limited and a member of the governing body of TUTMAN LLP, both authorised fund managers within the same group as the ACD, performing a senior management function. She holds directorships of other companies within the Thesis group and performs a senior management function within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.
- 5.1.11 D K Mytnik and V R Smith also hold non-executive directorships of other companies within the Thesis group and are members of the governing body of TUTMAN LLP, an authorised fund manager within the same group as the ACD.
- 5.1.12 C J Willson, C A E Lawson, S Macdonald and L R Robinson are also independent non-executive directors of Tutman Fund Solutions Limited, an authorised fund manager within the same group as the ACD. They are not engaged in other business activities that are of significance to the Company.
- 5.1.13 The ACD may also act as an authorised unit trust manager or authorised corporate director to other funds and companies. As at the date of this Prospectus, the ACD acts as manager or authorised corporate director of the authorised funds as set out in Appendix 6.
- 5.1.14 Investors buy and redeem Shares through the ACD who nets them to reduce the number of Shares issued/cancelled by the Company. When carrying out deals in Shares, the ACD acts as principal but does not profit from this activity.
- 5.1.15 The ACD is the AIFM of the Company for the purposes of the UK AIFM regime.
- 5.1.16 The ACD will cover at all times the risk of loss or damage caused by any relevant person through the negligent performance of activities for which the ACD has legal responsibility by maintaining an amount of own funds, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules. In addition, the ACD holds significant professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules.
- 5.1.17 The ACD has internal operational policies and procedures in place to identify, measure, manage and monitor appropriately operational risks to which the ACD is or could be reasonably exposed in accordance with the requirements of the AIFMD Level 2 regulation.

## 5.2 Best execution

- 5.2.1 In accordance with the FCA Rules and applicable law and regulation, the ACD must act in the best interests of the Company when executing decisions to deal on behalf of the Company and must establish and implement an order execution policy to allow it to obtain the best possible result.
- 5.2.2 The ACD has delegated the investment management of the Company to the Investment Managers, who in turn execute decisions to deal on behalf of the Company. The Investment Managers each have established and implemented an order execution policy to allow them to obtain the best possible results for the Company to which it is appointed. A copy of each Investment Manager's execution policy is available upon request.

## 5.3 Terms of appointment

- 5.3.1 The ACD is the sole director of the Company and its duties and obligations are governed by the terms of an agreement between the Company and the ACD (the **ACD Agreement**). The ACD Agreement provides that the ACD must manage and administer the Company in accordance with the FCA Rules, the UK AIFM regime, the OEIC Regulations, the Instrument of Incorporation and the contents of this Prospectus.
- 5.3.2 The ACD Agreement may be terminated by either party on giving not less than 6 months prior written notice. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD other than for the matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations.

## 5.4 Delegation

- 5.4.1 Subject to the FCA Rules and the UK AIFM regime, the ACD may delegate certain of its functions as AIFM. Accordingly:
- (a) the ACD has delegated the provision of investment management services to the Investment Managers; and
  - (b) the ACD has delegated certain administrative functions to the Registrar, the Administrator and the Fund Accountant.
- 5.4.2 The ACD has informed the FCA of such delegations in accordance with the FCA Rules and the UK AIFM regime.

## **6. The Depositary**

### **6.1 General information**

- 6.1.1 The Depositary of the Company is NatWest Trustee and Depositary Services Limited, a private limited company registered in England and Wales with company number 11194605.
- 6.1.2 The ultimate holding company of the Depositary is NatWest Group plc, which is incorporated in Scotland.
- 6.1.3 The Depositary's registered and head office address is 250 Bishopsgate, London EC2M 4AA. The address of its office which handles matters relating to the Company is set out in Appendix 7.
- 6.1.4 The Depositary's principal activity is the provision of trustee and depositary services.
- 6.1.5 The Depositary is established in the UK and is authorised and regulated by the FCA to act as a depositary of a UK UCITS or a UK AIF.

### **6.2 Duties of the Depositary**

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

### **6.3 Terms of appointment**

- 6.3.1 The appointment of the Depositary has been made under the terms of the Depositary Agreement between the Company, the ACD and the Depositary.
- 6.3.2 The Depositary Agreement provides that the Depositary be engaged to maintain the safe custody of the Scheme Property and to fulfil other duties required in the OEIC Regulations, COLL and FUND.
- 6.3.3 The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.
- 6.3.4 Under the Depositary Agreement the Depositary has the power to appoint sub-custodians and may include in such appointment powers to sub-delegate. The Depositary has delegated custody of the Scheme Property to The Northern Trust Company (the **Custodian**). Contact details for the Custodian are set out in Appendix 7. The Custodian has, in turn, sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates (**sub-custodians**).
- 6.3.5 Under the Depositary Agreement the Depositary will be liable to the Company for any loss of Financial Instruments held in custody or for any liabilities incurred by the Company as a direct result of the Depositary's fraud, negligence or negligent or intentional failure to



properly fulfil its obligations under the Depositary Agreement or the UK AIFM regime.

- 6.3.6 However, where the event which led to the loss of a Financial Instrument is not the result of the Depositary's own act or omission (or that of its sub-custodian), the Depositary is discharged of its liability for the loss of a Financial Instrument where the Depositary can prove that the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice and despite rigorous and comprehensive due diligence. The ACD will inform investors without delay of any changes with respect to the Depositary's liability.
- 6.3.7 The Depositary Agreement provides that the Depositary will be indemnified by the Company in respect of any liabilities suffered or incurred by the Depositary in the proper performance of its obligations and duties under the Depositary Agreement except in the case of fraud or negligent breach of the Depositary Agreement or of any applicable laws.
- 6.3.8 The Depositary Agreement may be terminated on six months' notice by the Company, the Depositary or the ACD or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary has taken place.
- 6.3.9 Other than to exercise the rights of lien or set off over the Scheme Property in relation to unpaid fees and expenses in relation to the proper performance of services under the Depositary Agreement or sub-custody agreement and unless otherwise agreed by the ACD on behalf of the Company, the Depositary shall not be entitled to, and no sub-custodian of the Depositary shall be authorised by the Depositary to, transfer or re-use for its own purpose and benefit any of the Scheme Property it has been entrusted with.
- 6.3.10 Details of the fees payable to the Depositary are set out in this Prospectus at paragraph 14.

#### **6.4 Depositary: conflicts of interest**

- 6.4.1 The Depositary may act as the depositary of other authorised unit trusts or open-ended investment companies and as trustee or custodian of other collective investment schemes.
- 6.4.2 It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company, one or more Shareholders, the ACD and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Rules and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved

fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

- 6.4.3 As the Depositary operates independently from the Company, Shareholders, the ACD and the Custodian, the Depositary does not anticipate any conflicts of interest arising between it and any of the aforementioned parties and has confirmed that it is not aware of any conflict of interest arising from its delegation of custody of the Scheme Property to the Custodian. Should any such conflict arise, the Depositary shall notify the ACD and take necessary steps to address the conflict.
- 6.4.4 The Depositary is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as depositary.

## **7. The Investment Managers**

### **7.1 General**

- 7.1.1 The ACD has appointed the Investment Managers to provide discretionary investment management services in relation to the Scheme Property of the Company (as further detailed in Appendix 1), in each case pursuant to an investment management agreement.
- 7.1.2 Each Investment Manager has the authority to make investment decisions on behalf of the ACD and together have full discretionary powers over the investment of the Scheme Property subject to the overall responsibility and right of veto of the ACD. The ACD may terminate each of the investment management agreements with immediate effect if it is in the interests of Shareholders.
- 7.1.3 Subject to the FCA Rules and the UK AIFM regime, each Investment Manager has power under its investment management agreement to sub-delegate all or any part of its functions as investment manager. Where the ACD has agreed that an Investment Manager may appoint persons as delegated sub-investment managers those persons will be specified in the Prospectus as amended from time to time and the FCA will be informed of this sub-delegation in accordance with the FCA Rules and the UK AIFM regime.
- 7.1.4 The Investment Managers' fees and expenses are paid out of the ACD's annual management charge which is paid out of Scheme Property. Please see paragraph 14 for further details.
- 7.1.5 Copies of each Investment Manager's execution policy and voting policy are available on the relevant website listed at Appendix 7 and from the ACD on request.
- 7.1.6 The Investment Managers are not part of the same corporate group as the ACD.

## **7.2 Stonehage Fleming Investment Management Limited**

- 7.2.1 Stonehage Fleming Investment Management Limited ("Stonehage Fleming") is authorised and regulated by the Financial Conduct Authority.
- 7.2.2 The ACD may terminate the investment management agreement with immediate effect if it is in the interests of Shareholders. Stonehage Fleming may terminate the investment management agreement by giving not less than three months' prior written notice to the ACD.
- 7.2.3 The principal business activity of Stonehage Fleming is as a provider of investment management services.

## **7.3 W1M Wealth Management Limited**

- 7.3.1 W1M Wealth Management Limited ("W1M") is authorised and regulated by the Financial Conduct Authority.
- 7.3.2 The ACD may terminate the investment management agreement with immediate effect if it is in the interests of Shareholders. W1M may terminate the investment management agreement by giving not less than three months' prior written notice to the ACD.
- 7.3.3 The principal business activity of W1M is as a provider of investment management services.

## **8. Auditors, Registrar, Administrator and Fund Accountant**

- 8.1 The Auditors of the Company are Deloitte LLP whose address is set out in Appendix 7.
- 8.2 The ACD is responsible for maintaining the Register but has delegated its Registrar function, as well as the function of Administrator and Fund Accountant, to Northern Trust Global Services SE, UK branch whose registered office is set out in Appendix 7.
- 8.3 The duties of the Registrar, Administrator and Fund Accountant include:
  - 8.3.1 maintaining the Register;
  - 8.3.2 receiving and processing requests for subscriptions for, or redemptions of, Shares;
  - 8.3.3 administering the payment of distributions to Shareholders;
  - 8.3.4 dealing with certain regulatory reporting requirements on behalf of the Company and the ACD;
  - 8.3.5 maintaining the accounting records of the Company; and
  - 8.3.6 assisting in calculating the Net Asset Value, as well as providing fund accounting services in respect of the Company.
- 8.4 The Register is maintained by the Registrar and may be inspected by any Shareholder (or any Shareholder's duly authorised agent) at 50 Bank Street, London E14 5NT during normal business hours.

- 8.5 In line with the regulations that govern such operational outsourcing, the ACD retains responsibility for all work performed on its behalf and Shareholders' rights are not affected by this delegation.
- 8.6 There are no conflicts of interest through delegation of these functions by the ACD.
- 8.7 The Company does not currently require the services of a prime broker.

## **9. Dealing in Shares**

### **9.1 Initial Offer Period**

- 9.1.1 The ACD may arrange for there to be an Initial Offer Period in respect of the Company, commencing on the date of launch of the Company and ending as specified by the ACD. During that period, the price at which Shares in the Company can be bought will be as fixed by the ACD and notified to the Depositary at or before the start of that period.

### **9.2 Pricing**

- 9.2.1 The ACD's normal basis of dealing in Shares is at a forward price, which means that transactions will be effected at prices determined at the next following Valuation Point.
- 9.2.2 There will only be a single price for any Share as determined from time to time by reference to a particular Valuation Point.
- 9.2.3 The Shares will be priced in pounds sterling.
- 9.2.4 During any Initial Offer Period the initial price of Shares will be £1.00.

### **9.3 Buying Shares**

- 9.3.1 The dealing office of the ACD is open from 9:00am until 5:00pm (London time) each Dealing Day during which the ACD may receive requests for the buying and selling and switching of Shares.
- 9.3.2 Shares may be purchased by sending a completed application form or clear written instructions to the Administrator by post to its address (as set out in Appendix 7) or by obtaining an application form by telephoning the ACD's customer enquiry line on 0333 300 0375 or by electronic communication as set out in paragraph 9.16. The ACD has the right to establish facilities for recording telephone calls made or received on these telephone lines.
- 9.3.3 A contract note giving details of the Shares purchased will be issued no later than the next Business Day after the Dealing Day on which an application to purchase Shares is implemented by the ACD. Payment in full should be made not later than the fourth Business Day after the date of purchase, and the ACD reserves the right to require payment in advance. During an Initial Offer Period, the ACD may require cash settlement before arranging for the issue of Shares.
- 9.3.4 An annual statement made up to 5 April will be issued to Shareholders. This will detail the Shareholder's current holding(s),

transactions during the year, and income paid. Interim statements are available on request.

#### **9.4 Minimum subscription, holdings and redemptions**

The minimum initial subscription and any subsequent subscription for each Class in the Company are set out in Appendix 1. Any restrictions on holdings and minimum redemption requirements are also set out in Appendix 1. The ACD reserves the right to reduce or waive minimum investment, holding and / or redemption levels.

#### **9.5 Publication of Share prices**

9.5.1 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.

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

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

#### **9.6 Redeeming Shares**

9.6.1 At any time during a Dealing Day when the ACD is willing to issue Shares it must also be prepared to redeem Shares. The ACD will buy back Shares from registered holders at not less than the price determined at the next Valuation Point following receipt of redemption instructions less any dilution levy.

9.6.2 The ACD may refuse to redeem a certain number of Shares if the redemption will mean the Shareholder is left holding Shares below any minimum holding set out in Appendix 1.

9.6.3 Requests to redeem Shares may be made to the ACD by telephone on the number stated above, by electronic communication (as set out in paragraph 9.16), or by sending clear written instructions by post to the address stated in Appendix 7.

9.6.4 A contract note giving details of the number and price of the Shares sold back to the ACD will be sent to Shareholders no later than the next Business Day after the Dealing Day on which the Shares were sold. In the event that the ACD requires a signed form of renunciation, e.g. in respect of joint holders, corporate holders or redemptions dealt through an agent, a form of renunciation will be attached.

9.6.5 When Shares are redeemed, a BACS or telegraphic transfer will be made, or a cheque sent out, in satisfaction of redemption monies within four Business Days of the Valuation Point immediately following receipt by the ACD of the request to redeem Shares, or the time when the ACD has received all duly executed instruments and authorisations as will vest title in the ACD or enable it to arrange to do so, whichever is the later.

- 9.6.6 The ACD is not required to issue payment of redemption monies in respect of the redemption of Shares where it has not yet received the money due on the earlier issue of those Shares.

## **9.7 Suspension of dealing**

- 9.7.1 The ACD may if the Depositary agrees, or shall if the Depositary so requires, at any time, temporarily suspend the issue, cancellation, sale and redemption of Shares, if the ACD or Depositary (in the case of any requirement by the Depositary), believes that, due to exceptional circumstances, it is in the interests of Shareholders or potential Shareholders.
- 9.7.2 On suspension, the ACD or the Depositary (if the Depositary has required the ACD to suspend dealing) must immediately inform the FCA of the suspension, stating the reasons for its action and as soon as practicable give written confirmation of the suspension and the reasons for it to the FCA.
- 9.7.3 The ACD and Depositary must formally review any such suspension at least every 28 days and inform the FCA of the results of their review and any change to the information provided to the FCA. Any such suspension may only continue for so long as it is justified having regard to the interests of Shareholders.
- 9.7.4 The ACD must ensure that a notification of the suspension is made to the Shareholders as soon as practicable after the suspension commences. On notification to Shareholders the ACD must ensure that Shareholders' attention is drawn to the exceptional circumstances resulting in the suspension and ensure that notification is clear, fair and not misleading. Shareholders will be kept informed about the suspension and, if possible, advised of its duration (if known) by written updates by the ACD.
- 9.7.5 The ACD must inform the FCA of the proposed re-start of dealings and immediately after the re-start, must confirm this by giving written notice to the FCA.
- 9.7.6 The ACD may agree, during the suspension, to deal in Shares, in which case all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first Valuation Point after restart of dealings in Shares.
- 9.7.7 Re-calculation of prices will commence on the Dealing Day immediately following the end of the suspension, at the relevant Valuation Point.
- 9.7.8 In addition, the FCA Rules may require the ACD to temporarily suspend the issue, cancellation, sale and redemption of Shares in certain circumstances (for example, where the Company is invested in other authorised funds which are themselves suspended).

## **9.8 The ACD's right to refuse applications**

The ACD reserves the right to reject, on reasonable grounds, any application for Shares in whole or in part, in which event, the ACD will return by post any

money sent, or the balance, for the purchase of Shares which are the subject of the application, at the risk of the applicant.

## **9.9 Mandatory transfers, redemptions and conversions**

9.9.1 The ACD may from time to time take such action and impose such restrictions as it thinks necessary for the purpose of ensuring that no Shares are acquired or held by any person in circumstances (**relevant circumstances**):

- (a) which constitute or are reasonably considered by the ACD to constitute an infringement of any law or governmental regulation or rule (or any interpretation of a law or regulation by a competent authority) of any country or territory;
- (b) which would (or would if other Shares were acquired or held in like circumstances) result in the Company incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory);
- (c) which would breach any requirement for the holding of Shares as specified in the Prospectus; and/or
- (d) which the ACD reasonably believes would have an adverse effect on the Company and/or Shareholders

and, in this connection, the ACD may reject at its discretion any subscription for issue or transfer of Shares, or any switching or conversion request given pursuant to this Prospectus.

9.9.2 If it comes to the notice of the ACD, either through the Shareholder informing the ACD or otherwise, that a Shareholder holds Shares (**Affected Shares**) either beneficially or otherwise in any of the relevant circumstances referred to in this paragraph 9.9, or if the ACD reasonably believes this to be the case, the ACD may give notice to the holder(s) of the Affected Shares requiring either transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption or cancellation of such Shares in accordance with the FCA Rules. If any person upon whom such a notice is served does not within 30 days after the date of such notice transfer his/her/its Affected Shares to a person qualified to hold them or establish to the satisfaction of the ACD (whose judgement is final and binding) that such person or the beneficial owner is qualified and entitled to own the Affected Shares, such person shall be deemed upon the expiration of that 30-day period to have given a request in writing for the redemption of all the Affected Shares pursuant to the FCA Rules.

9.9.3 A Shareholder who becomes aware that they have acquired or are holding Affected Shares in any of the relevant circumstances referred to in this paragraph 9.9 shall immediately inform the ACD and the ACD will take action (unless the ACD has already received such a notice) either to:

- (a) transfer or procure the transfer of all the Affected Shares to a person qualified to own the same; or
  - (b) give a request in writing or procure that a request is so given for the redemption or cancellation of all the Affected Shares pursuant to the FCA Rules.
- 9.9.4 An amount equal to any tax charge incurred by the Company or for which the Company may be held liable as a result of a transfer pursuant to this paragraph 9.9 shall be recoverable from the Shareholder concerned.
- 9.9.5 Provided that they shall have exercised due care and diligence, no liability shall attach to the ACD or the Depositary by reason of any action taken or not taken by either of them with respect to the matters referred to in this paragraph 9.9.
- 9.9.6 In addition, where:
  - (a) the ACD considers it is in the best interests of Shareholders; or
  - (b) the ACD reasonably believes that the Shareholder no longer satisfies a requirement for remaining a Shareholder of a particular Class;

the ACD may exchange a Shareholder's holding in one Class to another Class in the Company. The ACD shall give prior written notice to the Shareholder concerned of the proposed exchange, including details of the new Class and reminding the affected Shareholder of its rights to redeem.

## **9.10 In specie purchases**

- 9.10.1 If a Shareholder requests, the ACD may, at its discretion and subject to the approval of the Investment Managers and the Depositary, arrange acceptance of assets other than cash in settlement of a purchase of Shares in the Company. In particular the ACD and Depositary will only do so where satisfied that the acceptance of the assets concerned would not be likely to result in any material prejudice to the interests of Shareholders.
- 9.10.2 The ACD will not issue Shares in exchange for assets the holding of which would be inconsistent with the investment objective of the Company.

## **9.11 In specie redemptions**

- 9.11.1 Where a Shareholder requests the redemption or cancellation of Shares, the ACD may, at its discretion, give written notice to the Shareholder before the proceeds would otherwise become payable that, in lieu of paying such proceeds in cash, the ACD will transfer to that Shareholder property attributable to the Company having the appropriate value.
- 9.11.2 The ACD will select the property to be transferred in consultation with the Depositary. The Depositary must take reasonable care to ensure



that the property transferred would not be likely to result in any material prejudice to the interests of Shareholders.

- 9.11.3 The ACD may retain out of the property to be transferred property or cash of a value equivalent to any stamp duty to be paid on the redemption of the Shares.

## **9.12 Income equalisation**

- 9.12.1 Income equalisation, as explained below, shall apply in relation to the Company.
- 9.12.2 When an incoming Shareholder purchases a Share during an accounting period, part of the purchase price of a Share reflects the relevant share of accrued income received or to be received by the Company.
- 9.12.3 The first allocation of income in respect of that Share refunds this amount as a return of capital. The amount of income equalisation is calculated by taking the aggregate of the amounts of income included in the price in respect of Shares of that Class issued or sold in the annual or interim accounting period (grouping period) in question and dividing that aggregate amount by the number of such Shares and applying the resultant average to each of the Shares in question.
- 9.12.4 Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting period in an annual accounting period to the end of that annual accounting period). If there are no interim accounting periods the periods for grouping of Shares will be annual accounting periods. Grouping is permitted by the Instrument of Incorporation for the purposes of income equalisation.

## **9.13 Switching**

- 9.13.1 A Shareholder may at any time switch all or some of their Shares of one Class (**Original Shares**) for Shares of another Class (**New Shares**), subject to the restrictions defined in this Prospectus. The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.
- 9.13.2 A request to switch may be made in writing to the Registrar by telephoning 0333 300 0375. The Shareholder will be required to provide written instructions to the Registrar or their client adviser, as appropriate (which, in the case of joint Shareholders must be signed by all the joint Shareholders) before switching is effected.
- 9.13.3 If the switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant's holding of Original Shares to New Shares (and made a charge on switching) or refuse to effect any switch of the Original Shares. No switch will be allowed during any period when the right of Shareholders to require the redemption of their Shares is suspended. Save as otherwise specifically set out, the

general provisions on procedures relating to redemption will apply equally to a switch. A request to switch must be received by the ACD before the Valuation Point on a Dealing Day in the Company (or at such earlier date and time as may be specified by the ACD) to be dealt with at the prices at the Valuation Point on that Dealing Day. Switching requests received after a Valuation Point will be held over until the next day that is a Dealing Day.

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

9.13.5 **Please note, for persons subject to United Kingdom taxation, a switch between Classes of Shares is generally not treated as a redemption and sale and, as such, should not give rise to a liability to capital gains tax. A Shareholder who switches between Classes of Shares will not be given a right by law to withdraw from or cancel the transaction.**

#### **9.14 Market timing**

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

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

#### **9.15 Money laundering**

9.15.1 As a result of legislation in force in the United Kingdom to prevent money laundering, the ACD is responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying or redeeming Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue Shares, pay the proceeds of the redemption of Shares, or pay income on Shares to the investor.

9.15.2 Please refer to paragraph 25.5 for more detail.

9.15.3 In the UK, a 'relevant body' may commit an offence where it fails to prevent a person acting on its behalf from facilitating tax evasion (whether by an individual or legal entity). The 'relevant body' will not be guilty of a criminal offence if it can be demonstrated that reasonable prevention procedures were in place which were designed to prevent such facilitation occurring. The ACD reserves the right to adopt such practices and procedures as it deems at any point

necessary to avoid committing an offence under this or any other anti-money laundering law or regulation.

### **9.16 Electronic communications**

The ACD will accept instructions to purchase, sell or transfer Shares or for the 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:

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

### **9.17 Client Money Rules**

- 9.17.1 The FCA Rules contain provisions (known as the **Client Money Rules**) designed to safeguard client money in the hands of authorised persons. However, the CASS rules also provide that money need not be treated as client money in respect of a delivery versus payment transaction, for the purpose of settling a transaction in relation to units in a regulated collective investment scheme such as the Company, provided that:
  - (a) the ACD receives the money from a client in relation to the ACD's obligation to issue Shares in accordance with COLL; or
  - (b) the money is held in the course of redeeming Shares, where the proceeds are paid to the client within the timeframe specified in COLL.
- 9.17.2 Where money is received in either of the circumstances set out in paragraph 9.17.1(a) or 9.17.1(b) above, the ACD must cease to operate the exemption if, by close of business on the Business Day following receipt of the money, it has not paid it over to the Depositary or the client or, if direct issues and cancellations of Shares by the Company are permitted, to the Company, as applicable.
- 9.17.3 In order to facilitate management of the Company, the ACD makes use of the delivery versus payment exemption on the issue of Shares in respect of money received other than in the form of cheques. Money received in other payment forms for the issue of Shares is, therefore, not protected under the Client Money Rules until the delivery versus payment exemption period has expired. Money received by the ACD in the form of redemptions, cheques or other remittances is paid directly into a client money account maintained by the ACD with an approved

bank and protected in line with the Client Money Rules. No interest is payable by the ACD on monies credited to this account.

- 9.17.4 Money deposited into an account with a third party may have a security interest, lien or right of set-off in relation to the money, to the extent permitted by the Client Money Rules.
- 9.17.5 In certain circumstances, if the ACD has lost touch with an investor, the ACD will be permitted to pay the investor's client money balance to a registered charity after six years. The ACD will not do so until reasonable efforts have been made to contact the investor. The investor will still be entitled to recover this money from the ACD at a later date irrespective of whether the ACD has paid the money to charity. This is subject to the rules in COLL, which require the ACD to transfer any distribution payment which remains unclaimed after a period of six years from the date of payment to the Company's capital property.

## **9.18 Direct issue and cancellation of Shares**

The ACD may, in its absolute discretion, require, on agreement with the Depository or may permit, on the request of the Shareholder, direct issues and cancellations of Shares by the Depository. Should it do so, this Prospectus will be amended to provide details of the procedure to be followed.

## **9.19 Dilution levy**

- 9.19.1 The actual cost of purchasing or selling investments may be higher or lower than the mid-market value used in calculating the Share price. For example, due to dealing charges or through dealing at prices other than the mid-market price.
- 9.19.2 Under certain circumstances (for example, large volumes of deals), this may have an adverse effect on the Shareholders' interest in the Company. In order to prevent this effect (**dilution**), the ACD has the power to charge a 'dilution levy' on the sale and/or redemption of Shares.
- 9.19.3 The ACD may, at its discretion, charge a dilution levy in respect of 'large deals' (which, for these purposes are deals in respect of Shares of 5% or more of the Net Asset Value) and reserves the right to charge a dilution levy based on prevailing market conditions. If the ACD charges a dilution levy it will be calculated by reference to the costs of dealing in the underlying investments of the Company, including any dealing spreads, permitted commissions and transfer taxes.
- 9.19.4 The need to charge a dilution levy will depend on the volume of sales and redemptions. The ACD may (but is not obliged to) charge a discretionary dilution levy on the sale and redemption of Shares if, in its opinion, the existing Shareholders (for sales) or remaining Shareholders (for redemptions) might otherwise be adversely affected. In particular, the dilution levy may be charged where the Scheme Property is in continual decline or in any case where the ACD is of the opinion that the interests of remaining Shareholders in the Company require the imposition of a dilution levy. If a dilution levy is not

charged in such circumstances, this may have an adverse effect on the future growth of the Scheme Property of the Company.

- 9.19.5 It is not possible to predict accurately whether dilution is likely to occur at any point in time. Based on future projections, the ACD expects that the vast majority of sales and/or redemptions of Shares will be 'large deals' and that a dilution levy may be charged on the majority of deals.
- 9.19.6 The amount of the dilution levy will not exceed 5% of the value of the transaction before the imposition of the levy. This figure is based on the ACD's future projections of the likely impact of deals to which the dilution levy is applied.

## **10. Distributions and accounting dates**

### **10.1 General**

- 10.1.1 The accounting reference date, accounting periods and income allocation date(s) for the Company are set out in Appendix 1.
- 10.1.2 Income will be allocated on each income allocation date as set out in Appendix 1.
- 10.1.3 Distributions of income for the Company are made on or before the income allocation date(s) each year.

### **10.2 Payment of distributions**

- 10.2.1 The income available for distribution is determined in accordance with COLL. It comprises all income received or receivable for the account of the Company in respect of the accounting period concerned, after deducting net charges and expenses paid or payable out of such income and after making such adjustments as the ACD considers appropriate, after consulting with the Auditors, in accordance with COLL, in relation to taxation and other matters.
- 10.2.2 Each holder of Income Shares is entitled, on each income allocation date(s), to the net income attributable to their holding.
- 10.2.3 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 Company at the end of the relevant distribution period and is reflected in the price of an Accumulation Share.
- 10.2.4 The ACD reserves the right to change or create additional accounting and income distribution dates, usually as a result of accounting or taxation changes.
- 10.2.5 On the income allocation dates, an amount, as determined by the ACD in accordance with the Instrument of Incorporation, is either paid, reinvested or accumulated to those Shareholders who are entitled to the distribution by evidence of their holding on the Register at the previous accounting date. Payments will be made by means of direct credit to the Shareholder's nominated bank account.

- 10.2.6 Any distribution that remains unclaimed for a period of six years after the distribution became due for payment will be forfeited and shall revert to the Company.

## **11. Meetings and voting rights**

- 11.1 For the purposes of this paragraph 11:
- 11.1.1 a “physical meeting” is a general meeting convened at a physical location where Shareholders, or their proxy, must be physically present;
  - 11.1.2 a “hybrid meeting” is a general meeting which allows Shareholders, or their proxy, to be physically present at the location where the meeting is convened, or to attend and vote remotely; and
  - 11.1.3 a “virtual meeting” is a general meeting where all Shareholders, or their proxy, attend and vote remotely.
- 11.2 The provisions below, unless the context otherwise requires, apply to Class meetings as they apply to general meetings of the Company.
- 11.3 The Company does not propose to hold annual general meetings. Resolutions will be voted upon at extraordinary general meetings.
- 11.4 The ACD and the Depositary may convene a general meeting of the Company at any time in accordance with the FCA Rules. The ACD may hold a virtual meeting or a hybrid meeting as this is not inconsistent with any provisions in the Instrument of Incorporation.
- 11.5 Shareholders may request the convening of a general meeting by a requisition which must:
- 11.5.1 state the objective of the meeting;
  - 11.5.2 be dated;
  - 11.5.3 be signed by Shareholders who, at that date, are registered as the Shareholders of Shares representing not less than one-tenth in value of all of the Shares then in issue; and
  - 11.5.4 be deposited at the head office of the Company or with the Depositary.
- 11.6 Any Shareholder who participates remotely in a hybrid meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights as a Shareholder who is physically present at the meeting.
- 11.7 Any Shareholder who participates in a virtual meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights that the Shareholder would have at a physical meeting.
- 11.8 Any Shareholder who participates remotely may do so without having to appoint a proxy and is not required to submit their vote on a resolution in advance of the meeting.

- 11.9 A meeting of Shareholders, duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the relevant regulations.
- 11.10 An extraordinary resolution is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for the resolution at a general meeting, or, as the case may be, a Class meeting of Shareholders.
- 11.11 Except where an extraordinary resolution is specifically required or permitted, any resolution of Shareholders is passed by a simple majority of the votes validly cast.
- 11.12 A meeting of Shareholders has no powers other than those contemplated by the FCA Rules.
- 11.13 Where a meeting of Shareholders is convened by the ACD or the Depositary, Shareholders must receive at least 14 days' written notice (inclusive of the date on which the notice is first served and the day of the meeting) and the notice shall specify:
- 11.13.1 whether the meeting is to be a physical meeting, a hybrid meeting or a virtual meeting;
  - 11.13.2 if the meeting is a physical meeting or a hybrid meeting, the place of the meeting;
  - 11.13.3 if the meeting is a hybrid meeting or a virtual meeting, the means by which a Shareholder may participate, including any requirements for Shareholders to register before the meeting begins or to provide proof of their right to attend, and an explanation of how participating Shareholders may vote in a show of hands or in a poll, if they do not appoint a proxy;
  - 11.13.4 the day and hour of the meeting;
  - 11.13.5 the terms of the resolutions to be proposed; and
  - 11.13.6 the address of the website where the minutes of the meeting will subsequently be published.
- 11.14 Where the notice is served by the ACD a copy shall be sent to the Depositary.
- 11.15 The accidental omission to give notice to, or the non-receipt of notice by any Shareholder will not invalidate the proceedings at any meeting.
- 11.16 Notice of an adjourned meeting of Shareholders must be given to each Shareholder, stating that while two Shareholders are required to be present, in person, by proxy or remotely, to constitute a quorum at the adjourned meeting, this may be reduced to one in accordance with COLL 4.4.6R(3), should two such Shareholders not be present after a reasonable time of convening of the meeting.
- 11.17 Where the meeting is a hybrid meeting or a virtual meeting, the ACD shall take reasonable care to ensure that the necessary supporting technology to enable Shareholders to attend and vote is in place at the start of the meeting and

operates adequately throughout its proceedings, so that Shareholders who attend or vote remotely are not unfairly disadvantaged.

- 11.18 The quorum at a meeting of Shareholders shall be two Shareholders present in person, by proxy or (where applicable) remotely using the means specified in the notice. If, after a reasonable time after the start of the meeting, a quorum is not present, the meeting:
- 11.18.1 if convened on the requisition of Shareholders, must be dissolved; and
- 11.18.2 in any other case, must stand adjourned to:
- (a) a day and time which is seven or more days after the day and time of the meeting; and
- (b) in the case of a physical meeting or a hybrid meeting, a place to be appointed by the chair.
- 11.18.3 If, at the adjourned meeting under paragraph 11.18.2, a quorum is not present after a reasonable time from the time for the meeting, one person entitled to be counted in a quorum present at the meeting shall constitute a quorum.
- 11.18.4 The chair of the meeting which permits Shareholders to attend and vote remotely shall take reasonable care to give such Shareholders:
- (a) an adequate opportunity to be counted as present in the quorum; and
- (b) sufficient opportunity to participate fully in the proceedings of the meeting, in particular when a vote is taken on a show of hands or by poll.
- 11.19 In the case of an equality of votes cast, the chair is entitled to a casting vote.
- 11.20 At any meeting of Shareholders, on a show of hands every Shareholder who is present in person or who attends the meeting remotely using the means specified in the notice, shall have one vote.
- 11.21 On a poll, votes may be given either personally or by proxy or in another manner permitted by the Instrument. The voting rights for each Share must be the proportion of the voting rights attached to all of the Shares in issue that the price of the Shares bears to the aggregate price or prices of all of the Shares in issue at a cut-off date selected by the ACD which is a reasonable time before notice of the meeting is sent out. A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way. For joint Shareholders, the vote of the first Shareholder, or the proxy of the first Shareholder, stated in the Register will be accepted to the exclusion of the votes of other joint Shareholders.
- 11.22 In the context of despatch of notice, **Shareholders** means the persons who were entered in the Register seven days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.
- 11.23 To be included in the quorum and entitled to vote at the meeting, **Shareholders** mean the persons entered on the register at a time determined



by the ACD and stated in the notice of the meeting, which must not be more than 48 hours before the time fixed for the meeting.

- 11.24 The ACD is not entitled to vote at or be counted in a quorum at a meeting of Shareholders in respect of Shares held or deemed to be held by the ACD, except where the ACD holds Shares on behalf of, or jointly with, a person who, if themselves as the sole registered Shareholder would be entitled to vote, and from whom the ACD has received voting instructions. Associates of the ACD are entitled to be counted in a quorum and, if they hold Shares on behalf of a person who would have been entitled to vote if they had been a registered Shareholder and they have received voting instructions from that person, may vote in respect of such Shares pursuant to such instructions.
- 11.25 The ACD will publish the minutes on a website accessible to the general public without charge, no later than 5 Business Days after the meeting has taken place (but in the case of an original meeting which is adjourned, the minutes will be published no later than 5 Business Days after the adjourned meeting has taken place).
- 11.26 Any notice or document to be served upon a Shareholder will be duly served if it is:
  - 11.26.1 delivered to the Shareholder's address as appearing in the register; or
  - 11.26.2 sent using an electronic medium in accordance with paragraph 9.16.
- 11.27 Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it was posted.
- 11.28 Any document left at a registered address or delivered other than by post is deemed to have been served on that day.
- 11.29 Any notice or document served by post on one joint Shareholder is deemed to also have been served on each other joint Shareholder whose address, as appearing on the register, is the same address to which the notice or document was sent.
- 11.30 Any document or notice to be served on, or information to be given to a Shareholder, must be in legible form. For this purpose, any form is a legible form if it:
  - 11.30.1 is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;
  - 11.30.2 is capable of being provided in hard copy by the ACD;
  - 11.30.3 enables the recipient to know or record the time of receipt; and
  - 11.30.4 is reasonable in the context.
- 11.31 Changes to the Company are classified as fundamental, significant or notifiable.
- 11.32 The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company which constitutes a "fundamental change". This is a change or event which:
  - 11.32.1 changes the purpose or nature of the Company;

- 11.32.2 may materially prejudice a Shareholder;
  - 11.32.3 alters the risk profile of the Company; or
  - 11.32.4 introduces a new type of payment out of the Scheme Property.
- 11.33 The ACD must give prior written notice to Shareholders of any proposed change which constitutes a "significant change". This is a change or event which is not fundamental, but which:
- 11.33.1 affects a Shareholder's ability to exercise their rights in relation to their investment;
  - 11.33.2 would reasonably be expected to cause the Shareholder to reconsider their participation in the Company;
  - 11.33.3 results in any increased payments out of Scheme Property to the ACD, or an associate of the ACD; or
  - 11.33.4 materially increases other types of payment out of the Scheme Property.

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

- 11.34 The ACD must inform Shareholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Company. This is a change or event, other than a fundamental or significant change, which a Shareholder must be made aware of unless the ACD concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next report of the Company.
- 11.35 Changes to the investment objective and policy of the Company will normally require approval by Shareholders at an extraordinary general meeting if the change alters the nature or risk profile of the Company, or on giving 60 days' notice to Shareholders where the changes do not alter the nature or risk profile of the Company. In exceptional circumstances, changes may be made to the investment objective and policy of the Company with no minimum period of notice where these are for clarification purposes only. In all cases, changes may only be made to the investment objective and policy following notification to the FCA pursuant to the OEIC Regulations and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Company.

## **12. Conflicts of interest**

- 12.1 The ACD, the Investment Managers and other companies within the ACD's and/or the Investment Managers' groups may, from time to time, act as investment manager or adviser to other funds which follow similar investment objectives to those of the Company.
- 12.2 On occasion, an Investment Manager may also act as adviser or discretionary investment manager to clients who invest in the Company such that a significant proportion of the Shares in issue in any one Company may be owned by advisory and/or discretionary management client(s) of the Investment Manager.

- 12.3 It is therefore possible that the ACD and/or the Investment Managers may, in the course of their business, have potential conflicts of interest with the Company or that a conflict exists between the Company and other funds managed or advised by the ACD or an Investment Manager respectively.
- 12.4 The ACD and the Investment Managers will, however, have regard in such event to its own obligations under the investment management agreement and all applicable law and regulation. In particular, each will have regard to its obligation to operate arrangements to take all reasonable steps to avoid such conflicts of interest, and where they cannot be avoided, manage, monitor and (where applicable) disclose those conflicts of interest in accordance with the FCA Rules, in order to prevent conflicts of interest adversely affecting the interests of the Company and the Shareholders.
- 12.5 The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or the Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort, disclose these to Shareholders in the report and accounts or such other appropriate format. Further details of the ACD's conflicts of interest policy are available on request.

### **13. Fair treatment**

- 13.1 The ACD ensures fair treatment of investors by its compliance with the applicable rules in COLL and FUND and with the rules contained in the FCA Handbook.
- 13.2 The ACD is required, under the FCA Handbook, to treat its customers fairly when they become, remain or cease to be Shareholders. The ACD complies with the rules in the FCA Handbook, and has adopted a series of policies and procedures (including a conflict of interest policy) which are designed to achieve this outcome.
- 13.3 The ACD may in certain circumstances grant preferential treatment to investors. This may include, for example, access to certain Classes, a waiver or reduction of certain charges, the payment of rebates, or access to individuals within the ACD or an Investment Manager. If such rights are granted, this would typically be to Shareholders who invest significant amounts in the Company. Such investors would not typically be legally or economically linked to the ACD.
- 13.4 Any Shareholder may be granted preferential treatment in relation to the terms of its investment in the Company by the ACD, the Investment Managers and/or any other service provider to the Company.

### **14. Charges and expenses**

#### **14.1 General**

- 14.1.1 The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the Company and amortised over the first accounting period.

- 14.1.2 All fees or expenses payable by a Shareholder or out of the Scheme Property are set out in this section. The Company may also pay out of the property of the Company charges and expenses incurred by the Company, which will include the following expenses:
- (a) the fees and expenses payable to the Registrar and to the Depositary;
  - (b) permitted commissions, fiscal charges (including stamp duty) and other costs or disbursements which are necessary to be incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
  - (c) all expenses properly incurred by the ACD in the performance of its duties as authorised corporate director of the Company, including without limitation, the costs of preparation and distribution of reports, accounts, and any prospectuses, key investor information documents or equivalent documents, (in the case of the key investor information documents or equivalent documents, only preparation and not distribution may be charged), the Instrument of Incorporation and any costs incurred as a result of changes to any Prospectus or Instrument of Incorporation, key investor information documents, or periodic updates of any other administrative documents, as well as the cost of maintaining other documentation required to be maintained in respect of the Company;
  - (d) any costs incurred by the Company in publishing the price of the Shares;
  - (e) any costs incurred in producing and despatching any payments made by the Company, or the periodic reports of the Company;
  - (f) any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Company, which are currently carried on by the Registrar;
  - (g) any costs incurred in establishing or maintaining any services or facilities for electronic dealing in Shares;
  - (h) any fees, expenses or disbursements of any tax, legal or other professional adviser of the Company or of the ACD in relation to the Company;
  - (i) any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
  - (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 Company in

consideration for the issue of Shares as more fully detailed in COLL;

- (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 Scheme Property 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 as prescribed in the FEES Manual of the FCA Rules together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed;
- (p) the total amount of any cost relating to the application for authorisation and incorporation of the Company or and of any initial offer or issue of Shares;
- (q) any payments otherwise due by virtue of COLL;
- (r) any VAT relating to any charge or expense set out herein;
- (s) recovery by the ACD of reasonable expenses incurred; and
- (t) any costs associated with any CASS related support activity incurred by the Registrar.

## **14.2 Allocation of fees, charges and expenses**

14.2.1 The ACD and the Depositary have agreed that fees, charges and expenses for the Company will be allocated as set out in Appendix 1.

14.2.2 **Certain fees, charges and expenses will be allocated to capital in line with Appendix 1. It should be noted that this policy may result in capital erosion or constrain capital growth.**

## **14.3 Annual management charge**

14.3.1 The ACD receives an annual management charge for carrying out its duties payable out of the Scheme Property. The current rate of the annual management charge for the Company is set out in Appendix 1. The ACD is responsible for the payment of the fees of the Administrator, the Investment Managers and those of any sub-advisers. The annual management charge is calculated and accrued daily and charged to the Company on a monthly basis in arrears.

14.3.2 Any increase to the annual management charge may be made by the ACD only after giving 60 days' written notice to the Shareholders.

14.3.3 The annual management charge will be paid monthly in arrears.

#### **14.4 Initial charge**

The ACD may receive, or waive in part or in whole, an initial charge upon the issue or sale of Shares. The current initial charge for the Company is set out in Appendix 1. If not waived, the initial charge will be charged upon the issue or sale of Shares.

#### **14.5 Redemption charge**

14.5.1 At present no charge is levied on the redemption of Shares.

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

- (a) gave notice in writing of that introduction or change and of the date of its commencement, to the Depositary and to all the persons who ought reasonably to be known to the ACD to have made an arrangement for the purchase of Shares at regular intervals; and
- (b) has revised the Prospectus to reflect the introduction or change and the date of its commencement and has made the revised Prospectus available.

#### **14.6 Charges on switching**

14.6.1 The Instrument of Incorporation authorises the Company to impose a charge on the switching of Shares between Classes.

14.6.2 The charge will not exceed an amount equal to the then prevailing initial charge for the New Shares. If a redemption charge is payable in respect of the Original Shares, this may become payable instead of, or as well as, the then prevailing initial charge for the New Shares. The charge on switching is payable by the Shareholder to the ACD.

14.6.3 The ACD does not currently charge a switching fee.

#### **14.7 Depositary's fees**

14.7.1 The Depositary's fee for the Company is currently calculated on a sliding scale as follows:

0.0275% per annum	up to and including £50,000,000 in value of the Scheme Property;
0.025% per annum	on the value of the Scheme Property above £50,000,000 up to £100,000,000;
0.02% per annum	on the value of the Scheme Property above £100,000,000 up to £200,000,000; and
0.015% per annum	on the value of the Scheme Property thereafter.

- 14.7.2 The annual fee is subject to a minimum fee of £7,500 per annum and VAT at the standard rate is added to these fees.
- 14.7.3 The Depositary's remuneration shall be paid out of the Scheme Property. It shall accrue monthly and the first such interval shall commence on the first Valuation Point and shall terminate at the end of the last day in the same month. Each subsequent accrual interval shall commence immediately after the end of the preceding such interval and shall terminate at the end of the last day of the month following that in which the preceding accrual interval terminated. The value of the Scheme Property shall be determined in the same way as it is for the purposes of calculating the ACD's annual management charge.

#### **14.8 Transaction and custody charges**

- 14.8.1 In addition to the above periodic fees, the Depositary shall also be entitled to be paid transaction charges and custody charges out of Scheme Property in relation to transaction handling and safekeeping of Scheme Property, as follows:

<b>Item</b>	<b>Range</b>
Transaction charges	Range from £7.50 to £180.00
Derivative charges	£20 per transaction (if applicable)
Custody charges <sup>1</sup>	Up to 0.9% of the value of the holding involved subject to a minimum aggregate custody charge of £7,500 per annum.

- 14.8.2 Global custody is provided by The Northern Trust Company. The custody fees and transaction charges are currently payable out of the Scheme Property of the Company.
- 14.8.3 Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the ACD and the Depositary. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.
- 14.8.4 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 derivative transactions in relation to the Company and may purchase or sell or deal in the purchase or sale of Scheme Property, provided always that the services concerned and

<sup>1</sup> These charges vary from country to country depending on the markets and the type of transaction involved.

any such dealing are in accordance with the provisions of the FCA Rules.

- 14.8.5 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 Depositary Agreement, the FCA Rules or by the general law.
- 14.8.6 On a winding-up of the Company, the Depositary will be entitled to its pro rata fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.
- 14.8.7 Any VAT on any fees, charges or expenses payable to the Depositary will be added to such fees, charges or expenses.
- 14.8.8 In each case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Rules by the Depositary.

#### **14.9 Administration, registration and valuation fees**

- 14.9.1 The administration of the Company will be carried out by Northern Trust Global Services SE, UK branch, who will also act as Registrar and Fund Accountant.
- 14.9.2 The Registrar's fee is taken from the Scheme Property of the Company. The current registration fee is £18 per Shareholder per annum with a minimum of £2,000 per annum and £6 per Shareholder transaction effected through straight-through processing and £19 per Shareholder transaction recorded manually. Such fee may be payable to the ACD or to any person who has had the relevant duty delegated to it pursuant to the FCA Rules by the ACD.
- 14.9.3 The ACD is responsible for the payment of the fees of the Administrator. The ACD will pay the Administrator's fees from the annual management charge.
- 14.9.4 The charges and expenses associated with the setting up of transactions and any ongoing charges and expenses reasonably and properly incurred in respect of the processing and implementation of electronic transfers will be taken from the Scheme Property of the Company.

#### **15. Inducements**

- 15.1 In accordance with the FCA Rules and applicable law and regulation, the ACD and the Investment Managers, when executing orders or placing orders with other entities in relation to financial instruments for execution on behalf of the Company, must not accept and retain any fees, commissions or monetary benefits from a third party (**Third Party Payments**).
- 15.2 If the ACD, or the Investment Managers, receive any Third Party Payments, these will be returned to the Company as soon as reasonably possible and Shareholders will be informed of the amount received.



15.3 Neither the ACD, nor the Investment Managers can accept any non-monetary benefits when executing orders or placing orders with other entities for execution in relation to financial instruments on behalf of the Company, except those which are capable of enhancing the quality of the service provided to the Company, and which are of a scale and nature such that they could not be judged to impair the ACD's or Investment Manager's compliance with its duty to act honestly, fairly and professionally in the best interests of the Company.

## **16. Research**

16.1 Certain brokers may from time to time provide research services to the Investment Managers. The Investment Managers pay for such research services (which may be used by each Investment Manager in its investment management process) out of their own resources.

## **17. Valuation of Scheme Property**

17.1 The Company will be valued at the Valuation Point.

17.2 The Company will be valued on a Net Asset Value basis to determine the price of the Shares (**NAV price**). Except in circumstances where the application of a dilution levy applies, Shares will be redeemed at the NAV price (minus any redemption charge) and purchased at a price which may include an initial charge at the rate applying to the Company (see *Charges and Expenses*).

17.3 The value of the property of the Company shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

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

17.4.1 property which is not cash (or other assets dealt with in paragraphs 17.4.7 and 17.4.8 and below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

17.4.2 units or shares in a collective investment scheme:

- (a) if a single price for buying and selling units or shares is quoted, at that price; or
- (b) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by a preliminary charge included therein and the selling price has been increased by an 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;

17.4.3 exchange-traded derivative contracts:

- (a) if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

- (b) if separate buying and selling prices are quoted, at the average of the two prices;
- 17.4.4 over-the-counter derivative contracts shall be valued in accordance with the method of valuation as shall have been agreed between the ACD and the Depositary;
- 17.4.5 any other investment:
  - (a) if a single price for buying and selling the security is quoted, at that price; or
  - (b) if separate buying and selling prices are quoted, at the average of the two prices; or
  - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if the most recent price does not reflect the ACD's best estimate of the value, at a value which, in the opinion of the ACD, is fair and reasonable; and
- 17.4.6 property other than that described in 17.4.2, 17.4.3, 17.4.4 and 17.4.5 above shall be valued at an amount which, in the opinion of the ACD, represents a fair and reasonable mid-market price;
- 17.4.7 cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values;
- 17.4.8 in determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed (unless the contrary is shown) to have been carried out (and any cash paid or received) and all consequential action required by the FCA Rules, the OEIC Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken;
- 17.4.9 subject to paragraphs 17.4.10 and 17.4.11 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;
- 17.4.10 futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 17.4.9;
- 17.4.11 all agreements are to be included under paragraph 17.4.9 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement;
- 17.4.12 deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the property of the Company; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable

and without limitation) capital gains tax, income tax, corporation tax, VAT and stamp duty;

- 17.4.13 deduct 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;
- 17.4.14 deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings;
- 17.4.15 add an estimated amount for accrued claims for tax of whatever nature which may be recoverable;
- 17.4.16 add any other credits or amounts due to be paid into the Scheme Property;
- 17.4.17 add a sum representing any interest or any income accrued due or deemed to have accrued but not received; and
- 17.4.18 currencies or values in currencies other than base currency or (as the case may be) the designated currency of the Company 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.

## **18. Risks**

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

### **18.1 General**

- 18.1.1 Collective investment schemes should be regarded as long-term investments.
- 18.1.2 The value of Shares in the Company is based upon the value of the underlying investments attributable to the Company.
- 18.1.3 The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company.

### **18.2 Effect of initial charge or redemption charge**

- 18.2.1 Where an initial charge or redemption charge is imposed, an investor who realises their Shares may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested.
- 18.2.2 In particular, where a redemption charge is payable, investors should note that the percentage rate at which the redemption charge is calculated is based on the market value rather than the initial value of the Shares. If the market value of the Shares has increased, the redemption charge will show a corresponding increase. Currently there

is no redemption charge levied on Shares. The Shares therefore should be viewed as medium to long term investments.

### **18.3 Dilution**

The Company may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect, the ACD may require the payment of a dilution levy in addition to the price of Shares when bought or as a deduction when sold. Further information about the dilution levy is set out at paragraph 9.19.

### **18.4 Suspension of dealings in units**

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

### **18.5 Currency exchange rates**

Currency fluctuations may adversely affect the value of the Scheme Property and the income thereon and, depending on a Shareholder's currency of reference, currency fluctuations may adversely affect the value of their investment in Shares.

### **18.6 Past performance**

Past performance is not necessarily a guide to future performance.

### **18.7 Derivatives and volatility**

18.7.1 The prices of derivative instruments, including futures, options and swap prices can be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, amongst other things, interest rate fluctuations. The use of these techniques and instruments also involves certain special risks, including:

- (a) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates;
- (b) imperfect correlation between the price movements of the derivatives and price movements of related instruments;
- (c) the fact that skills needed to use these instruments are different from those needed to select investments; and
- (d) the possible absence of a liquid market for any particular instrument at any particular time; which may result in possible impediments to effective portfolio management or the ability to meet redemption.

- 18.7.2 The Company may invest in certain derivative instruments, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.
- 18.7.3 The Company may from time to time utilise both exchange-traded and over-the-counter credit derivatives, such as credit default swaps for hedging purposes. These instruments may be volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount the Company actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Furthermore, when used for hedging purposes there may be an imperfect correlation between these instruments and the investment or market sectors being hedged. Transactions in over-the-counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position.
- 18.7.4 **Unless otherwise stated in Appendix 1, it is intended that the Company may use derivatives in accordance with the FCA Rules for the purpose of Efficient Portfolio Management (including hedging). The use of derivatives and forward transactions for the purpose of Efficient Portfolio Management is not expected to increase the risk profile of the Company.**

## **18.8 Derivative techniques**

COLL permits the ACD to use certain techniques when investing in derivatives in order to manage the Company's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure to over the counter (OTC) derivatives; for example the Company may take collateral from counterparties with whom it has an OTC derivative position and use that collateral to net off against the exposure it has to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits.

## **18.9 Counterparty and settlement**

The Company will be subject to the risk of the inability of any counterparty to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. In particular, it should be noted that transactions may not always be settled by delivery versus payment and this may expose the Company to greater counterparty risk and potentially to loss in excess of the counterparty's obligations to the Company.

## **18.10 Counterparty risk in OTC markets**

The Company may enter into transactions in over-the-counter markets, which will expose the Company to the credit of their counterparties and their ability to satisfy the terms of such contracts. For example, the Company may enter into agreements or use other derivative techniques, each of which expose the Company to the risk that the counterparty may default on its obligations to

perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Company could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred.

## **18.11 Emerging markets**

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

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

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

- (a) *Fraudulent Securities* – Given the lack of a regulatory structure it is possible that securities in which investments are made may be found to be fraudulent. As a result, it is possible that loss may be suffered.
- (b) *Currency Fluctuations* – Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the Company may occur following the investment of the Company in these currencies. These changes may impact the total return of the Company to a significant degree. In respect of currencies of certain emerging countries, it is not possible to undertake currency hedging techniques.
- (c) *Settlement and Custody Risks* – Settlement and custody systems in emerging markets are not as well developed as those in developed markets. Standards may not be as high and supervisory and regulatory authorities not as sophisticated. As a result, there may be risks that settlement may be delayed and that cash or securities could be disadvantaged.
- (d) *Custody Risk* - The Depositary may delegate the function of safekeeping of Financial Instruments to the Custodian, who may in turn appoint custody agents. The Depositary or Custodian or custody agents may hold Financial Instruments in fungible accounts (meaning the assets are interchangeable) or omnibus accounts (resulting in accounts being combined). The use of omnibus accounts gives rise to a potential risk that there could be a shortfall in the Financial Instruments held in such an

account should the total of the Financial Instruments be less than the aggregate entitlement of the Company. It is expected that such risks will be mitigated by the Custodian's trade matching and reconciliation processes, however in the event of an irreconcilable shortfall, the affected clients would bear the risk of any shortfall on a pro-rata basis and the Company may not recover all of its Financial Instruments.

- (e) *Investment and Remittance Restrictions* – In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available because the maximum permitted number of or investment by foreign unitholders has been reached. In addition, the outward remittance by foreign investors of their share of net profits, capital and dividends may be restricted or require governmental approval. The Company will only invest in markets where these restrictions are deemed to be acceptable. However, there can be no guarantee that additional restrictions will not be imposed.
- (f) *Accounting* – Accounting, auditing and financial reporting standards, practices and disclosure requirements applicable to companies in emerging markets differ from those applicable in more developed markets in respect of the nature, quality and timeliness of the information disclosed to investors and, accordingly, investment possibilities may be difficult to properly assess.

18.11.4 The Company may invest in such markets.

## **18.12 Credit and fixed interest securities**

- 18.12.1 Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and *vice versa*. Inflation will also decrease the real value of capital.
- 18.12.2 The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent.

## **18.13 Equity swaps**

- 18.13.1 An equity swap, often referred to as a contract for difference or 'CFD', is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the positive difference between the current value of an asset (a security, instrument, basket or index) and its value when the contract was first entered into. If the difference is negative, then the buyer pays this amount to the seller.
- 18.13.2 Equity swaps allow investors to take synthetic long or synthetic short positions with a variable margin, which, unlike futures contracts, have no fixed expiry date. Unlike shares, with equity swaps, the buyer is

potentially liable for more than the amount they paid on margin. The Company may therefore employ risk management techniques to ensure it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from equity swaps and other techniques and instruments.

#### **18.14 Market risk**

The Scheme Property will be diversified. However, the underlying investments attributable to the Company will be subject to normal market fluctuations and to the risks inherent in investments in collective investment schemes.

#### **18.15 Liquidity risk**

18.15.1 In extreme market conditions it may be difficult for the Company to realise an investment at short notice without suffering a discount to market value. In such circumstances the investor may suffer a delay in realising their investment or may incur a dilution adjustment.

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

#### **18.16 Leverage**

A proportion of the capital may be leveraged. While leverage presents opportunities for increasing the capital return, it has the effect of potentially increasing losses as well. Any event which adversely affects the underlying vehicles would be magnified to the extent the capital is leveraged. The cumulative effect of the use of leverage in a market that moves adversely to the underlying investment vehicles could result in a substantial loss to capital that would be greater than if capital were not leveraged.

#### **18.17 Tax**

Tax laws currently in place may change in the future which could affect the value of your investments. See paragraph 22 headed 'Taxation' for further details.

#### **18.18 Inflation and interest rates**

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

#### **18.19 Custody risk**

18.19.1 The Depositary may delegate the function of safekeeping of Financial Instruments to the Custodian, who may in turn appoint a custody agent. The Depositary, Custodian or custody agents may hold Financial Instruments in fungible accounts (meaning the assets are interchangeable) or omnibus accounts (resulting in accounts being combined). The use of omnibus accounts gives rise to a potential risk that there could be a shortfall in the Financial Instruments held in such an account should the total of the Financial Instruments be less than the aggregate entitlement of the Company. It is expected that such risks will be mitigated by the Custodian's trade matching and reconciliation processes, however in the event of an irreconcilable shortfall, the



affected clients would bear the risk of any shortfall on a pro-rata basis and the Company may not recover all of its Financial Instruments.

- 18.19.2 Where Scheme Property is held in custody, there may be a risk of loss that could result from the insolvency, negligence or fraudulent action of the Custodian or a sub-custodian.

### **18.20 Underlying collective investment schemes**

Where the Company's investment strategy includes making investments into other underlying target funds, fees (including performance fees) are usually charged by the manager of the underlying component funds. The underlying manager's fees are deducted from the underlying fund prior to the assets of the fund being valued. Consequently, any fees deducted by the manager of any chosen underlying fund are excluded from the published fee calculations for the fund of funds.

### **18.21 Infectious diseases**

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

## **19. Risk management process and liquidity management**

- 19.1 The ACD, in consultation with the Investment Managers, has adopted a risk management process (which includes a risk management policy) enabling it to monitor and measure the risk of the Company's portfolio and the contribution of the underlying investments to the overall risk profile of the Company.
- 19.2 The ACD operates a liquidity risk management policy with a view to ensuring that Shareholders are able to realise their Shares in accordance with this Prospectus and the requirements of the FCA Rules. This Prospectus provides information in relation to liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors.
- 19.3 Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. Examples include insufficient cash to meet redemption requests or make margin payments requirements and the risk that a particular derivative position cannot be easily unwound or offset due to insufficient market depth or market disruption or that the Company's financial obligations arising from the derivative activity (such as margin calls) will not be able to be met. It is controlled for through monitoring of the liquidity of all instruments used, including derivatives, in the context of the investment objectives and liquidity requirements of each scheme or client account. Cash positions are monitored and reported to ensure that the Company has sufficient capacity to meet obligations arising from any derivative positions.
- 19.4 Stress tests on the Company's portfolios are undertaken on a periodic basis, the frequency is dependent on a number of factors, e.g. portfolio composition and liquidity.

## 20. Leverage (as defined by the UK AIFM regime)

- 20.1 This section explains in what circumstances and how the ACD may use leverage as defined by the UK AIFM regime (**Leverage**) in respect of the Company and maximum level of Leverage permitted.
- 20.2 Leverage means any method by which the Company increases its exposure whether through borrowing cash or securities or leverage embedded in derivative positions or any other means. The increase in exposure may lead to a higher level of risk. The sources of Leverage which can be used when managing the Company include:
- 20.2.1 cash borrowing; and
  - 20.2.2 financial derivative instruments.
- 20.3 The ACD is required to calculate and monitor the level of Leverage of the Company. Leverage is expressed as a ratio between the exposure of the Company and its Net Asset Value (**Exposure/NAV**). The exposure of the Company shall be calculated in accordance with the commitment method (**Commitment Method**) and the gross method (**Gross Method**).
- 20.4 Gross Method: under the Gross Method, the exposure of the Company is calculated as follows:
- 20.4.1 include the sum of all assets purchased, plus the absolute value of all liabilities;
  - 20.4.2 exclude the value of cash and cash equivalents which are highly liquid investments held in the base currency of the Company, that:
    - (a) are readily convertible to a known amount of cash;
    - (b) are subject to an insignificant risk of change in value; and
    - (c) provide a return no greater than the rate of a three month high quality government bond;
  - 20.4.3 derivative instruments are converted into the equivalent position in their underlying assets;
  - 20.4.4 exclude cash borrowings that remain in cash or cash equivalents and where the amounts payable are known;
  - 20.4.5 include exposure resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of the cash borrowed; and
  - 20.4.6 include positions within repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements. (The ACD currently does not intend to enter into repurchase or reverse repurchase agreements and securities lending or borrowing or other similar arrangements).
- 20.5 Under the Commitment Method, the exposure of the Company is calculated in the same way as under the Gross Method; however, the exposure of derivative

or security positions employed in hedging and netting arrangements are not included in this calculation, provided certain conditions are met.

20.6 Further information regarding these different Leverage calculation methods found in the UK AIFM regime is available upon request from the ACD.

20.7 The maximum level of leverage of the Company will be as follows:

<b>Maximum level of leverage using the Commitment Method</b>	200%
<b>Maximum level of leverage using the Gross Method</b>	300%

20.8 As these calculations of regulatory leverage do not take into account whether a particular financial derivative instrument increases or decreases investment risk, they will not necessarily be representative of the actual level of investment risk within the Company.

## **21. Summary of the ACD's haircut policy**

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

21.2 The ACD will judge, on a case-by-case basis, the extent and type of collateral to use when negotiating with counterparties and clearing houses and the haircut policy which it will apply. Where cash is received as collateral it will not be invested in anything other than cash or short-term deposit accounts.

21.3 Cash and any form of security, guarantee or indemnity provided by way of security in accordance with COLL requirements and as agreed between the relevant Investment Manager and the ACD for the discharge of any liability arising from a transaction will be deemed to be permitted for the purposes of the Company's collateral policy.

## **22. Taxation**

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

### **22.1 Taxation of the Company**

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

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

#### 22.1.3 Income

- (a) The Company is liable to corporation tax on its income after relief for management expenses (which include fees payable to the ACD and to the Depositary) at the basic rate of income tax. The rate of corporation tax applicable to the Company is equal to the basic rate of income tax.
- (b) Where the Company is a Bond Fund, the gross amount of any interest distributions is an allowable expense for corporation tax purposes and no tax should actually be paid on that part of the income funding the interest distributions.
- (c) Dividend income received by the Company from investments in UK resident and overseas companies should fall within an exemption from corporation tax. Dividend income received from foreign companies may be subject to withholding tax or other taxation in the foreign jurisdiction. Any foreign tax suffered by the Company may normally be deducted from the UK tax due on that income or treated as an expense in calculating the amount of that income subject to corporation tax.

#### 22.1.4 Capital gains

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

#### 22.1.5 Stamp Duty Reserve Tax

- (a) Stamp duty reserve tax (**SDRT**) is generally charged on any agreements to transfer shares of OEICs (other than transactions handled by the fund manager) to third parties at a rate of 0.5% of the consideration.
- (b) No SDRT charge arises on the issue or surrender of shares of OEICs. However, investors may be subject to an SDRT charge where Shares are surrendered and the investors receive assets from the Company (rather than cash) which are not in proportion to each investor's share of the total assets held by the Company.

## 22.2 Taxation of Shareholders

#### 22.2.1 Income

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

Distributions may be made as interest distributions or dividend distributions as set out below.

- (b) The distribution accounts of the Company for any of its distribution periods may show income available for distribution as either (i) an interest distribution or (ii) a dividend distribution. The type of distribution that either actually takes or is deemed to take place depends on the source and composition of the income within the Company.
- (c) Where more than 60% of the Company is invested in 'qualifying investments' (broadly speaking interest paying investments, see further below) the Company will make an interest distribution. Where this is not the case, distributions made by the Company will be dividend distributions.
- (d) All Shareholders will be sent tax vouchers stating the make-up of their distributions and showing their taxable income.
- (e) Interest distributions
  - (i) UK resident individuals
    - (aa) Interest distributions paid by the Company (save in respect of distributions to certain qualifying Shareholders) are treated as yearly interest and, as such, are subject to income tax.
    - (bb) 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.
    - (cc) 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.
    - (ee) Basic rate, higher rate and additional rate taxpayers will pay income tax (in the case of basic rate and higher rate taxpayers, on the amount in excess of the applicable personal savings allowance) on any income distributions at the basic rate, the higher rate or the additional rate (as applicable).
  - (ii) UK corporate Shareholders
    - (aa) If, at any point in an accounting period of a UK corporate Shareholder, the Company fails to satisfy the 'qualifying investment' test, Shares held by the UK corporate Shareholder in respect of the Company are treated as if the Shares in respect of such a corporate's accounting period (including gains, profits and losses) are rights under a creditor loan relationship and will be taxed or relieved as an income receipt or expense on a 'fair value accounting' basis. Accordingly, such a corporate Shareholder may, depending on its own circumstances, incur a charge to corporation tax on an unrealised

increase in the value of its holding of Shares (and, likewise, obtain relief against corporation tax for an unrealised reduction in the value of its holding of Shares).

- (bb) The Company will fail to satisfy the 'qualifying investments' test at any time when more than 60% of its assets by market value comprise government and corporate debt securities or cash on deposit or 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.
- (cc) Interest distributions paid to UK corporate Shareholders may be paid without deduction of income tax at source.
- (f) Dividend distributions
  - (i) Dividend distributions paid by the Company are treated as if they are dividends.
  - (iii) 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.
  - (iv) 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.

#### 22.2.2 Chargeable gains

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

- (ii) 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.

(b) UK corporate Shareholders

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

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

**22.3 Income equalisation – tax implications**

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

**22.4 UK information reporting regime**

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

**22.5 Tax Elected Fund (TEF) regime**

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

**22.6 International tax compliance**

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

22.6.2 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**).

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

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

## **23. Income equalisation**

23.1 Income equalisation, as explained below, shall apply in relation to the Company.

23.2 Part of the purchase price of a Share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a Shareholder with the first allocation of income in respect of a Share issued during an accounting period.

23.3 The amount of income equalisation is either the actual amount of income included in the issue price of that Share or is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued or sold to Shareholders in an annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

## **24. Winding up of the Company**

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

24.2 Where the Company is to be wound up under the FCA Handbook, such winding up may only be commenced when (a) effect has been given under regulation 21 of the OEIC Regulations to proposals to wind up the affairs of the Company, and (b) a statement has been prepared and delivered to the FCA under COLL 7.3.5R (solvency statement) and received by the FCA prior to satisfaction of the condition (a).



- 24.3 The Company must not be wound up under the COLL Sourcebook, if there is a vacancy in the position of ACD at the relevant time.
- 24.4 The Company may be wound up under the COLL Sourcebook:
- 24.4.1 if an extraordinary resolution to that effect is passed by Shareholders; or
  - 24.4.2 if the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the share capital of the Company is below its prescribed minimum); or
  - 24.4.3 on the date of effect stated in any agreement by the FCA to a request by the ACD for the winding up of the Company; or
  - 24.4.4 on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property.
- 24.5 On the occurrence of any of the above:
- 24.5.1 the parts of the COLL Sourcebook relating to valuation and pricing and dealing and investment and borrowing will cease to apply to the Company, to the Shares and Scheme Property of the Company;
  - 24.5.2 the Company will cease to issue and cancel Shares, the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them (except in respect of final cancellation);
  - 24.5.3 no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
  - 24.5.4 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company; and
  - 24.5.5 the corporate status and powers of the Company and, subject to 24.5.1 to 24.5.4 above, the powers of the ACD shall remain until the Company is dissolved.
- 24.6 The ACD shall, as soon as practicable after the winding up of the Company has commenced, arrange for all Shares in issue to be cancelled, realise the assets and meet the liabilities of the Company and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds remaining (if any) to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company, the ACD shall, as soon as practicable after the commencement of winding up of the Company, give written notice of the commencement to the Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company to be discharged, the ACD shall arrange for the Depositary to also make a final distribution to Shareholders (if any Scheme Property remains to be distributed) on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion

to the rights of their respective shares to participate in Scheme Property at the commencement of the winding up or termination.

- 24.7 As soon as reasonably practicable after completion of the winding up of the Company the Depositary shall notify the FCA and, at the same time, the ACD or the Depositary will request the FCA to revoke the relevant authorisation order (on the winding up of the Company).
- 24.8 On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) still standing to the account of the Company, will be paid into court within one month of the dissolution.
- 24.9 Following the completion of the winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder within four months of the winding up.

## **25. General**

### **25.1 Reports**

- 25.1.1 Annual reports of the Company will be published by the ACD within four months of the end of each annual accounting period. Half-yearly reports of the Company will be published by the ACD within two months of the end of each half-yearly accounting period.
- 25.1.2 Annual and half-yearly reports will be made available free of charge on request from the ACD and shall be available, without charge, for inspection by the public during normal working hours at the ACD's place of business set out in Appendix 7.
- 25.1.3 The first report will be the report from the period from launch to 31 March 2025.
- 25.1.4 The annual report will also include (where relevant) information regarding the Company's use of SFTs and TRSs, as required by the UK SFTR.
- 25.1.5 Pursuant to the UK AIFM regime the ACD will disclose the following information in each annual report:
- (a) the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to the assets which are subject to such arrangements and how management and performance fees, if any, apply to these assets;
  - (b) if risk limits set for the Company by the ACD have been or are likely to be exceeded and, where these risk limits have been exceeded, a description of the circumstances and the remedial measures taken;
  - (c) the total amount of Leverage employed by the Company;

- (d) the current risk profile of the Company;
- (e) any material changes to the following information:
  - (i) the arrangements for managing the liquidity of the Company;
  - (ii) the risk management systems employed by the ACD to manage the risks to which the Company are, or may be, exposed;
  - (iii) the current risk profile of the Company and the maximum level of Leverage that the ACD may employ on behalf of the Company; and
  - (iv) where applicable, any right for re-use of collateral or any guarantee under the Company's leveraging arrangements as well as the nature of such rights or guarantees.
- (f) any additional disclosures required by the UK AIFM regime.

## **25.2 Documentation**

Copies of the Instrument of Incorporation, the Prospectus, the ACD Agreement and the most recent annual and half-yearly reports may be inspected at the head office of the ACD (at the address set out in Appendix 7) and copies may be obtained free of charge by Shareholders on request from the ACD.

## **25.3 Address for service of notices**

The address for service of notices or other documents required or authorised to be served on the Company is at the registered office of the ACD, as set out in Appendix 7.

## **25.4 Notices and documents for Shareholders**

25.4.1 Notices and documents will be sent by first class post to a Shareholder to the address on the Register or by electronic medium in accordance with the FCA Rules.

25.4.2 Notwithstanding the above, where Shares are jointly held by two or more persons, in accordance with the FCA Rules certain documents may be sent by first class post or by electronic medium only to the first named Shareholder to its address on the Register.

## **25.5 Electronic Verification**

25.5.1 The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, the Senior Management Arrangements, Systems and Controls Sourcebook and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the ACD must check the identity of Shareholders and applicants for Shares and the source of the money invested.

25.5.2 The ACD (and/or its delegates) may request verification documents from parties associated with Shareholders or applicants for Shares. In

some cases, documentation may be required from officers performing duties on behalf of bodies corporate. The checks may include an electronic search of information held about a Shareholder or applicant for Shares (or an associated party) on the electoral roll and using credit reference agencies.

- 25.5.3 A credit reference agency may check the details supplied against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information. 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 acknowledge that the ACD may ask for this information in line with Data Protection Laws.

## **25.6 Data Protection**

The personal details of each applicant for Shares and each Shareholder will be held by the ACD and/or the Registrar as its agent in accordance with the Data Protection Laws for the purposes of carrying out the ACD's agreement with each Shareholder. This may include the transfer of such data to other members of the ACD's group and to other businesses providing services to the ACD (including their offices outside the UK), where the transfer is necessary for the provision of services in relation to the ACD's role as operator of the Company. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the UK. In these instances the ACD will take steps to ensure that your privacy rights are respected. Shareholders have the right to access their personal data processed by the ACD together with (in certain circumstances) the right to object to the processing of such data for legitimate reasons. A copy of the ACD's Privacy Notice relating to investors is available at <https://www.tutman.co.uk/privacy-notice/> or on request from [compliance@tutman.co.uk](mailto:compliance@tutman.co.uk).

## **25.7 Telephone recordings and electronic communications**

- 25.7.1 The ACD, in accordance with the FCA Rules, must take all reasonable steps to record telephone conversations and keep a copy of electronic communications where such conversations and communications relate to activities in financial instruments as required by the FCA Rules.
- 25.7.2 The ACD may deliver copies of such recordings to any court or competent regulatory authority. Records of conversations and/or communications required to be kept by relevant regulation will be available on request for a period of five years (or, where requested by the FCA, for a period of up to seven years) from the date when the record is made.
- 25.7.3 Please note that the ACD may also record telephone calls for training and monitoring purposes and to confirm Shareholder's instructions.

## **25.8 Complaints**

- 25.8.1 Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD, or, following that, may make their complaint direct to the Financial Ombudsman Service, Exchange Tower, London E14 9SR.

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

## **25.9 Amending the Prospectus**

This Prospectus and/or any policies or procedures referred to herein may be reviewed or revised from time to time by the ACD in accordance with the FCA Rules.

## **25.10 Governing law**

25.10.1 All transactions in Shares are governed by the laws of England and Wales.

25.10.2 By applying for Shares, the Shareholder agrees to be bound by the Instrument of Incorporation and this Prospectus (as may be amended from time to time). The Company, the Instrument of Incorporation and this Prospectus are governed by the laws of England and Wales. The Company, the ACD and Shareholders will be subject to the exclusive jurisdiction of the courts of England and Wales to settle any dispute or claim arising out of or in connection with a Shareholder's investment or any related matter.

25.10.3 The FUND sourcebook requires the ACD to give details of legal instruments providing for the recognition and enforcement of judgments in England and Wales (which is the jurisdiction in which the ACD and the Company are established). The laws of England and Wales provide a number of legal mechanisms for the recognition and enforcement of judgments.

## **25.11 Non-accountability for profits**

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

25.11.1 dealings in the Shares of the Company; or

25.11.2 any transaction in the Scheme Property; or

25.11.3 the supply of services to the Company.

## **26. Historical performance data**

Please see Appendix 4 for historical performance data in relation to the Company.

## Appendix 1

### **Investment objective, policy and other details of the Company**

The Scheme Property of the Company must comply with the FCA Rules and its own investment objective and policy. A detailed statement of the investment and borrowing restrictions applicable to the Company is contained in Appendix 2. Lists of the eligible securities and derivatives markets on which the Company may invest are contained in Appendix 5.

#### **1. Investment objective**

The investment objective of the Company is to provide capital growth, with income being of secondary importance, net of fees, over a rolling 5 year period.

#### **2. Investment policy**

The Company will invest in a global portfolio, in any or all economic sectors which, in normal market conditions, will comprise of at least 70% in equities (which will mainly be directly but can also be indirectly via collective investment vehicles). The remainder of the Scheme Property may be invested in fixed income assets (which may include government and public securities) and other transferable securities, warrants, money market instruments, cash, near cash and deposits.

The exposure to equities may fall below 70% under difficult market conditions in which the Investment Managers believe that markets are expensive or when higher volatility is anticipated. This could include (but is not limited to) markets resulting from, or anticipating, extreme events (for example, the 2008 global financial crisis).

The above exposure may be gained directly or through the use of collective investment vehicles (including exchange traded vehicles, exchange traded commodities and investment trusts) which may include collective investment vehicles managed by the ACD or its associates or the Investment Managers or their associates.

The Company may invest in alternatives (e.g. gold and infrastructure) indirectly via permitted instruments such as collective investment vehicles.

#### **Derivatives will only be used for Efficient Portfolio Management (including hedging), although use is expected to be limited.**

The investment policy of the Company may mean that at times, where it is considered appropriate, the Scheme Property of the Company will not be fully invested and that prudent levels of liquidity will be maintained in order to reduce risk and preserve capital.

The ACD has appointed multiple Investment Managers with different investment styles to achieve the investment objective. Allocations to the Investment Managers are subject to change in order to meet the Company's investment objective and further details regarding the allocations are available upon request from the ACD.

The Investment Managers will actively manage the Company. This means the Investment Managers actively make decisions about how to invest the Scheme

Property (and which investments to buy and sell) instead of simply following a market index.

### **3. Performance comparator**

The Company uses the ARC Sterling Steady Growth Private Client Index for performance comparison purposes only. This index is not a target and the Company is not constrained by it.

The ARC Sterling Steady Growth Private Client Index is a risk-based index that is designed to provide an accurate reflection of the actual returns an investor can expect for a given risk appetite. For the ARC Sterling Steady Growth Private Client Index the relative risk to equity markets is 60-80%. This index has been selected as a comparator because this risk is aligned with the Company's equity exposure as defined in the Company's investment policy.

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

### **4. Investor profile**

4.1 The Company is compatible with long term investors who can afford to set aside the capital for at least five years. Investors should note that the recommended time horizon is a minimum and not a recommendation to sell at the end of that minimum period. If you are uncertain about whether this product is compatible with your needs, please contact an independent financial adviser.

4.2 Investors must be comfortable that the value of investments in the Company can go down as well as up, that capital may be at risk and that performance varies over time and returns are not guaranteed.

4.3 Investors should be aware that there is no protection of capital and no guaranteed return and investors can lose the amount invested. Accordingly, Shares are not compatible with:

4.3.1 any investor who does not have sufficient resources to bear any loss resulting from the investment;

4.3.2 investors who are not prepared to take any risk with their money or put their capital at risk; and/or

4.3.3 any investor looking for guaranteed income or a guaranteed total return.

### **5. Summary information**

Name of Company	TM Admiral Fund
Product Reference Number	1019254

Commencement	The Company was authorised by the FCA on 11 September 2024.
Launch Date	19 November 2024
Initial Offer Period	The ACD does not intend for there to be an initial offer period.
Annual accounting date	31 March
Interim accounting dates	30 June 30 September 31 December
Income allocation dates	31 July 31 August 30 November Last day in February
Share Classes	Class A Income Shares (GBP) Class A Accumulation Shares (GBP)
Currency of denomination	Pounds sterling
Initial charge*	5%
Exit charge*	0%
Annual Management Charge	0.80%
Charges and expenses taken from income or capital	Please see Appendix 1, paragraph 6 below. <b>Where a charge and expense is allocated to the capital of the Company, it should be noted that this may result in capital erosion or constrain capital growth.</b>
Minimum initial investment*	Class A Income Shares (GBP): £1,000,000 Class A Accumulation Shares (GBP): £1,000,000
Minimum holding*	Class A Income Shares (GBP): £1,000,000 Class A Accumulation Shares (GBP): £1,000,000
Minimum subsequent investment*	Class A Income Shares (GBP): £100,000 Class A Accumulation Shares (GBP): £100,000



Minimum redemption*	None
Invest in Eligible Markets	As listed in Appendix 5
Income Equalisation	Yes
Past Performance	Past performance is set out in Appendix 4.
UK Securities Financing Transactions Regulation	The ACD is subject to the provisions of the UK SFTR. The Company is authorised to enter into Securities Financing Transactions and Total Return Swaps. As at the date of this Prospectus the Company does not use SFTs or TRSs. However, the ACD reserves the right to permit the Company to use such instruments in the future.  Additional detail on the UK SFTR and the use of SFTs and TRSs is given in Appendix 3.

\*All investment minima and the initial and redemption charges may be waived by the ACD at its discretion.

## 6. Allocation of fees, charges and expenses

Charges and expenses are allocated to either the income or capital of the Company in accordance with the tables below. **Where a charge and expense is allocated to the capital of the Company, it should be noted that this may result in capital erosion or constrain capital growth.**

Class A Accumulation Shares (GBP)		
Fee, charge or expense	Allocation	
	<i>Income (except those charges and expenses relating directly to the sale and purchase of investments)</i>	<i>Capital</i>
Annual management charge and all other charges payable to the ACD	X	
Fees of the Investment Managers**	X	
Fees of the Administrator**	X	
Fees of the Registrar	X	
The Depositary's fees (other than Custody Charges and Transaction Charges)	X	
Custody Charges	X	
Transaction Charges		X
The fees and expenses of the Auditors	X	

<b>Class A Income Shares (GBP)</b>		
<b>Fee, charge or expense</b>	<b>Allocation</b>	
	<i>Income</i>	<i>Capital</i>
Annual management charge and all other charges payable to the ACD		X
Fees of the Investment Managers**		X
Fees of the Administrator**		X
Fees of the Registrar	X	
The Depositary's fees (other than Custody Charges and Transaction Charges)		X
Custody Charges	X	
Transaction Charges		X
The fees and expenses of the Auditors	X	

NB. Please note that further details on the fees payable to each of the ACD, Administrator, Registrar, Depositary and the Auditor can be found in paragraph 14 above.

\*\*Please note that the ACD is responsible for the payment of the fees of the Investment Managers and the fees of the Administrator out of its annual management charge in line with paragraph 14.3.

## Appendix 2

### Investment and borrowing powers

The below provisions apply to the Company. In this Appendix 2, except where indicated, Scheme Property means the property of the Company.

#### 1. Limitations on type of investments

- 1.1 The Scheme Property of the Company will be invested with the aim of achieving the investment objective of the Company but subject to the limits on investment set out in the FCA Rules and the Company's investment policy.
- 1.2 Except where the investment policy for the Company permits otherwise, derivatives and forward transactions will only be used for Efficient Portfolio Management purposes.
- 1.3 The investment objective and investment policy of the Company are subject to the NURS limits on investment under COLL 5, which are summarised below. The ACD must ensure that, taking account of the investment objective and investment policy of the Company, the Scheme Property of the Company aims to provide a prudent spread of risk for the Company.
- 1.4 By way of summary, the Scheme Property of a NURS may only, except where otherwise provided in the rules in COLL 5, consist of any one or more of:
  - 1.4.1 transferable securities;
  - 1.4.2 money-market instruments;
  - 1.4.3 units in collective investment schemes permitted under COLL 5.6.10R (Investment in collective investment schemes);
  - 1.4.4 derivatives and forward transactions permitted under COLL 5.6.13R (Permitted transactions (derivatives and forwards));
  - 1.4.5 deposits permitted under COLL 5.2.26R (Investment in deposits);
  - 1.4.6 immovables permitted under COLL 5.6.18R (Investment in property) to COLL 5.6.19R (Investment limits for immovables); and
  - 1.4.7 gold up to a limit of 10% in value of the Scheme Property.

#### 2. Transferable securities

##### 2.1 Types of transferable security

- 2.1.1 A transferable security is an investment which is a share, a debenture, an alternative debenture, a government and public security, a warrant, or a certificate representing certain securities (as such terms are defined in the FCA Glossary).
- 2.1.2 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.

- 2.1.3 In applying paragraph 2.1.2 to an investment which is issued by a body corporate, and which is a share or a debenture (as such terms are defined in the FCA Glossary), the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 2.1.4 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.

## 2.2 **Criteria for investment in transferable securities**

- 2.2.1 The Company may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- (a) the potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;
  - (b) its liquidity does not compromise the ACD's ability to comply with its obligations to redeem Shares at the request of any qualifying Shareholder;
  - (c) reliable valuation is available for it as follows:
    - (i) in the case of a transferable security admitted to or dealt in on an eligible market (see further paragraph 5 below for an explanation of 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;
    - (ii) 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;
  - (d) appropriate information is available for it as follows:
    - (i) 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;
    - (ii) 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;
  - (e) it is negotiable; and
  - (f) its risks are adequately captured by the risk management process of the ACD.

2.2.2 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:

- (a) not to compromise the ability of the ACD to comply with its obligations to redeem Shares at the request of any qualifying Shareholder; and
- (b) to be negotiable.

### 2.3 **Closed ended funds constituting transferable securities**

A unit in a closed ended fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraph 2.2 above and either:

2.3.1 where the closed ended fund is constituted as an investment company or a unit trust:

- (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

2.3.2 where the closed ended 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.

### 2.4 **Transferable securities linked to other assets**

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

- (a) fulfils the criteria for transferable securities set out in paragraph 2.2 above; and
- (b) is backed by or linked to the performance of other assets which may differ from those in which the Company can invest.

2.4.2 Where an investment in paragraph 2.4.1 contains an embedded derivative component, the requirements of this Appendix and the FCA Rules with respect to derivatives and forwards will apply to that component.

## 3. **Approved money-market instruments**

3.1 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.

- 3.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
- 3.2.1 has a maturity at issuance of up to and including 397 days;
  - 3.2.2 has a residual maturity of up to and including 397 days;
  - 3.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - 3.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in paragraph 3.2.1 or paragraph 3.2.2 or is subject to yield adjustments as set out in paragraph 3.2.3.
- 3.3 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.
- 3.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuation systems, which fulfil the following criteria, are available:
- 3.4.1 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
  - 3.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 3.5 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.

#### **4. Transferable securities and money-market instruments**

- 4.1 Transferable securities and money-market instruments held within the Company must be:
- 4.1.1 admitted to or dealt in on an eligible market (as described in paragraph 5); or
  - 4.1.2 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; or
  - 4.1.3 an approved money-market instrument not admitted to or dealt in on an eligible market which satisfies the requirements within paragraphs 6 and 7, subject to paragraph 8.
- 4.2 The Company may invest up to 20% of its Scheme Property in transferable securities other than those referred to in paragraph 4.1 or money-market

instruments which are liquid and have a value which can be determined accurately at any time.

## **5. Eligible markets regime**

5.1 A market is eligible for the purposes of the FCA Rules if it is:

- 5.1.1 a regulated market (as defined in the FCA Glossary); or
- 5.1.2 a market in the United Kingdom or an EEA State which is regulated, operates regularly and is open to the public.

5.2 A market not falling within paragraph 5.1 is eligible for the purposes of the FCA Rules if:

- 5.2.1 the ACD after consultation with and notification to the Depositary decides that market is appropriate for investment of, or dealing in the Scheme Property;
- 5.2.2 the market is included in a list in this Prospectus; and
- 5.2.3 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.

5.3 In paragraph 5.2.1, 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 to the order of investors.

5.4 The eligible securities and derivatives markets for the Company are set out in Appendix 5. New eligible securities markets may be added to the existing list in accordance with the FCA Rules governing approvals and notifications.

## **6. Money-market instruments with a regulated issuer**

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

- 6.1.1 the issue or the issuer is regulated for the purposes of protecting investors and savings; and
- 6.1.2 the instrument is issued or guaranteed in accordance with paragraph 7.

6.2 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 purposes of protecting investors and savings if:

- 6.2.1 the instrument is an approved money-market instrument;

6.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investments in it) in accordance with paragraph 8 below; and

6.2.3 the instrument is freely transferable.

## **7. Issuers and guarantors of money-market instruments**

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

7.1.1 issued or guaranteed by any one of the following:

- (a) a central authority of the United Kingdom or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;
- (b) a regional or local authority of the United Kingdom 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 United Kingdom or one or more EEA States belong; or

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

7.1.3 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.

7.2 An establishment shall be considered to satisfy the requirement in paragraph 7.1.3(b) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

7.2.1 it is located in the EEA;

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

7.2.3 it has at least one investment grade rating;

7.2.4 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.



## **8. Appropriate information for money-market instruments**

8.1 In the case of an approved money-market instrument within paragraph 7.1.2 or issued by a body of the type referred to at COLL 5.210EG; or which is issued by an authority within paragraph 7.1.1(b) or a public international body within paragraph 7.1.1(f), but is not guaranteed by a central authority within paragraph 7.1.1(a), the following information must be available:

8.1.1 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;

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

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

8.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 7.1.3 the following information must be available:

8.2.1 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;

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

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

8.3 In the case of an approved money-market instrument within paragraph 7.1.1(a), 7.1.1(d) or 7.1.1(e) or which is issued by an authority within paragraph 7.1.1(b) or a public international body within paragraph 7.1.1(f) and is guaranteed by a central authority within paragraph 7.1.1(a); 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.

## **9. Spread: general**

9.1 This paragraph does not apply to government and public securities. Please see paragraph 10 below. For the purpose of this paragraph a **single body** bears the meaning as set out in COLL 5.6.7R(11).

9.2 Not more than 20% in value of the Scheme Property may consist of deposits with a single body.

9.3 Not more than 10% in value of the Scheme Property may consist of transferable securities or money-market instruments issued by any single body subject to COLL 5.6.23R. This limit is increased to 25% in value of the Scheme Property in respect of covered bonds. In applying these limits certificates representing certain securities are to be treated as equivalent to the underlying security.

9.4 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Company. For the purposes of calculating this limit, the rules and conditions set out in COLL 5.6.7 R(7) to (10) inclusive apply.

9.5 Not more than 35% in value of the Company may consist of the units of any one collective investment scheme.

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

10.1 Where no more than 35% in value of the Scheme Property is invested in transferable securities or approved money-market instruments that are issued or guaranteed by:

10.1.1 the United Kingdom or an EEA State;

10.1.2 a local authority of the United Kingdom or an EEA State;

10.1.3 a non-EEA State; or

10.1.4 a public international body to which the United Kingdom or one or more EEA States belong

(referred to as **government and public 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.

10.2 **The Company may invest more than 35% of its Scheme Property in such government and public securities issued by or on behalf of or guaranteed by a single named issuer which may be one of the following: the Government of the United Kingdom (including the Scottish Administration, the Executive Committee of the Northern Ireland Assembly, the National Assembly of Wales), France, Germany, Ireland, Italy, LCR Finance plc, Japan, Spain, Switzerland and United States (including Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA), Private Export Funding Corporation (PEFCO)) or by one of the following international organisations: African Development Bank, Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW) and the Nordic Investment Bank (NIB) provided that:**

**10.2.1 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 Company;**

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

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

**10.2.4 the disclosures in the Prospectus required by COLL have been made.**

**11. Collective investment schemes**

- 11.1 Up to 100% in value of Scheme Property may be invested in units or shares in other collective investment schemes (referred to in this paragraph as a **second scheme**).
- 11.2 Any second scheme must either:
- 11.2.1 be 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
  - 11.2.2 be a NURS;
  - 11.2.3 be a recognised scheme (as defined in the FCA Glossary); or
  - 11.2.4 be constituted outside the UK and the investment and borrowing powers of which are the same or more restrictive than those of a NURS; or
  - 11.2.5 be a scheme not falling within paragraphs 11.2.1 to 11.2.4 above and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested;
- 11.3 The second scheme must also:
- 11.3.1 operate on the principle of the prudent spread of risk;
  - 11.3.2 be prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes;
  - 11.3.3 entitle participants to have their units redeemed in accordance with the scheme at a price related to the net value of the property to which the units relate and determined in accordance with the scheme.
- 11.4 Where the second scheme is an umbrella collective investment scheme, paragraphs 11.3.1 to 11.3.3 and the spread limits set out at paragraph 9 apply to each sub-fund of the second scheme as if it were a separate scheme.
- 11.5 The Company may invest up to 100% in value of Scheme Property in and dispose of (and the Scheme Property of the Company may include) units or shares in eligible second schemes which are managed or operated by the ACD or its Associate. However, where such an investment or disposal of units or shares is made and there is a charge in respect of such investment or disposal, the ACD must pay the Company the amount referred to in either paragraph 11.6 or paragraph 11.7 within four Business Days following the date of the agreement to invest or dispose.
- 11.6 When an investment is made, the amount referred to in paragraph 11.5 is either:
- 11.6.1 any amount by which the consideration for the units or shares in the second scheme exceeds the price that would have been paid for the

benefit of the second scheme had the units or shares been newly issued or sold by it; or

- 11.6.2 if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units or shares in the second scheme.
- 11.7 When a disposal is made, the amount referred to in paragraph 11.6 is any charge made for the account of the authorised fund manager or operator of the second scheme or an Associate of any of them in respect of the disposal.
- 11.8 Any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy made in accordance with COLL 6.3.8R (Dilution) is to be treated as part of the price of the units and not as part of any charge.
- 11.9 Any charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

## **12. Feeder schemes**

- 12.1 Up to 100% in value of Scheme Property may be invested in units or shares in other collective investment schemes which are feeder schemes (**feeder second schemes**).
- 12.2 Any feeder second scheme must be:
  - 12.2.1 a feeder UCITS;
  - 12.2.2 a feeder NURS;
  - 12.2.3 a scheme dedicated to units in a single property authorised investment fund; or
  - 12.2.4 a scheme dedicated to units in a recognised scheme (as defined in the FCA Glossary).
- 12.3 The relevant Master Scheme of the feeder second scheme must comply with the relevant COLL requirements to be a second scheme for the purposes of COLL 5.2.13R and COLL 5.6.10R (as applicable).
- 12.4 Not more than 35% in value of the Scheme Property may consist of units of one or more schemes permitted under paragraph 12.2 above.
- 12.5 The Company must not invest directly in units of the relevant Master Scheme.
- 12.6 The ACD will only invest in a feeder second scheme where it can show on reasonable grounds that such investment is in the interests of investors and no less advantageous than if the Company had held units directly in the relevant Master Scheme.

### **13. Warrants and nil and partly paid securities**

- 13.1 Eligible warrants (as defined in the FCA Glossary) may only be held if it is reasonably foreseeable that the exercise of the rights conferred by the warrants will not contravene the FCA Rules.
- 13.2 Transferable securities or approved money-market instruments on which any sum is unpaid may be held provided that it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company at any time when the payment is required without contravening the rules in COLL 5.

### **14. Deposits**

Up to 20% in value of the Company can consist of deposits with a single body. The Company may only invest in deposits with an Approved Bank and which are repayable on demand, or have the right to be withdrawn, and matures in no more than 12 months.

### **15. Derivatives: General**

- 15.1 Except where the Company's investment policy permits otherwise, derivatives may be used by the Company for Efficient Portfolio Management purposes only.

**The use of derivatives for Efficient Portfolio Management is not intended to increase the risk profile of the Company.** However, please also see "Risks" set out in paragraph 18 of the main body of this Prospectus.

- 15.2 The Company may make use of a variety of derivative instruments in accordance with the FCA Rules.
- 15.3 A transaction in derivatives or a forward transaction cannot be effected for the Company unless:
  - 15.3.1 it is a permitted derivatives and forward transaction as specified in COLL 5.6.13R; and
  - 15.3.2 it is covered as required by COLL 5.3.3AR.
- 15.4 The exposure to the underlying assets must not exceed the limits in paragraph 9 and paragraph 10 except as provided in paragraph 15.6.
- 15.5 Where a transferable security or money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with these investment restrictions.
- 15.6 If the Company invests in an index-based derivative, provided the relevant index falls within COLL 5.6.23R, the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 9 and paragraph 10 above, provided the ACD takes account of COLL 5.6.3R in relation to the prudent spread of risk.
- 15.7 A derivative or forward transaction which will or could lead to the delivery of property for the account of the Company may be entered into only if:
  - 15.7.1 that property can be held for the account of the Company; and

- 15.7.2 the ACD, having taken reasonable care, determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in COLL.
- 15.8 No agreement by or on behalf of the Company to dispose of property or rights (except for a deposit) may be made unless:
- 15.8.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by the Company by delivery of property or the assignment of rights; and
- 15.8.2 the property and rights at paragraph 15.8.1 are owned by the Company at the time of the agreement.
- 16. Permitted transactions (derivatives and forwards)**
- 16.1 A transaction in a derivative must:
- 16.1.1 be in an Approved Derivative; or
- 16.1.2 be an OTC derivative which complies with paragraph 16.5.
- 16.2 In addition:
- 16.2.1 the underlying must be within COLL 5.6.4.R(5) or COLL 5.2.20R(2)(f)-(i); and
- 16.2.2 the exposure to the underlying must not exceed the limits set out at paragraphs 4.2, 9 and 10 above.
- 16.3 A transaction in an Approved Derivative must be effected on or under the rules of an eligible derivatives market. A transaction in an Approved Derivative must not cause the Company to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published Prospectus, and must not be effected if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, approved money-market instruments, collective investment scheme units or derivatives.
- 16.4 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 16.5 OTC transactions under this paragraph 16 must be:
- 16.5.1 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 Financial Services Register, permits it to enter into the transaction as principal off-exchange;
- (c) a CCP that is authorised in that capacity for the purposes of EMIR;
- (d) a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or

- (e) to the extent not already covered above, a CCP supervised in a jurisdiction that:
    - (i) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the United Kingdom; and
    - (ii) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019.
- 16.5.2 on approved terms; the terms of the transaction in derivatives are approved only if the ACD:
- (a) 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
  - (b) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;
- 16.5.3 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:
- (a) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or
  - (b) if the value referred to in paragraph (a) (above) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 16.5.4 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:
- (a) 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
  - (b) 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.
- 16.6 The jurisdictions that fall within paragraph 16.5.1(e) are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.
- 16.7 For the purposes of paragraph 16.5.2, "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.

## **17. Cover for transactions in derivatives and forward transactions**

- 17.1 The ACD must ensure that the Company's global exposure relating to derivatives and forwards transactions may not exceed the net value of its Scheme Property.
- 17.2 The ACD must calculate the Company's global exposure on at least a daily basis. For the purposes of this paragraph 17, 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.

## **18. General**

- 18.1 Underwriting and sub-underwriting contracts and placings may also, subject to certain conditions set out in the FCA Rules, be entered into for the account of the Company.
- 18.2 Cash or near cash may be retained in the Scheme Property to enable the pursuit of the investment objective; or for redemption of Shares; or efficient management of the Company in accordance with its investment objective or for a purpose which may reasonably be regarded as ancillary to the investment objective.
- 18.3 During the period of any initial offer the Scheme Property may consist of cash and near cash without limitation.
- 18.4 The Company, or the Depositary on behalf of the Company, must not provide any guarantee or indemnity in respect of the obligation of any person and none of the Scheme Property may be used to discharge any obligation arising under a guarantee or indirectly with respect to the obligation of any person.
- 18.5 Paragraph 18.4 does not apply to guarantees or indemnities specified in COLL 5.5.9 R(3).
- 18.6 Where investment in gold is permitted by the investment policy, no more than 10% in value of the Company's Scheme Property may consist of gold.

## **19. Immovables**

Unless permitted by the investment policy, it is not intended that the Company will have an interest in any immovable property or tangible movable property.

## **20. Borrowing and lending powers**

- 20.1 The Company may, subject to the FCA Rules, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on the terms that the borrowing is to be repayable out of the Scheme Property.
- 20.2 The Company will not lend any money which forms part of the Scheme Property. However, providing an officer of the Company with money to meet expenditure does not constitute lending for the purposes of this prohibition. Neither acquiring a debenture nor placing money on deposit in a current account constitutes lending.
- 20.3 Scheme Property other than money must not be lent by way of deposit or otherwise. However, stock lending transactions are not to be regarded as "lending" for the purposes of this restriction.



- 20.4 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with the FCA Rules, this paragraph does not prevent the Company (or the Depositary at the request of the Company), from:
- 20.4.1 lending, depositing, pledging or charging the Scheme Property for margin requirements; or
  - 20.4.2 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.
- 20.5 The ACD must ensure that borrowing in respect of the Company does not, on any Business Day, exceed 10% of the value of the Scheme Property of the Company.
- 20.6 As at the date of this Prospectus, whilst the Company may use repurchase / reverse repurchase agreements and stock lending agreements in accordance with COLL 5.4, it currently does not do so. However, the ACD reserves the right to permit the use of such SFTs in the future. If this were to change in the future this Prospectus will be reviewed and updated.

## **21. Leverage**

- 21.1 Transactions introducing leverage are generally undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates or involve receiving a premium for the writing of a covered call option or cash covered put option on the Scheme Property which the Company is willing to buy or sell at the exercise price.
- 21.2 The types and sources of leverage and risks the Company may employ are as follows:
- 21.2.1 the Company may borrow up to 10% of its Net Asset Value from an Approved Bank, and the result of actively investment borrowing may be that the Company would display leveraged characteristics; and
  - 21.2.2 the use of derivatives.
- 21.3 Any exposure by the Company through the use of derivatives must be covered by cash or readily realisable assets held by the Company. Restrictions on the use of derivatives are outlined in the investment objective and investment policy of the Company and at paragraphs 16 and 17 above.
- 21.4 The maximum level of Leverage, as defined by the UK AIFM regime, that the Company may employ at any time is set out at paragraph 20.7 of the main body of this Prospectus.

## Appendix 3

### Securities Financing Transactions and Total Return Swaps

1. The ACD is required by the UK SFTR to make certain disclosures in respect of the SFTs and Total Return Swaps that it is authorised to use.
2. As at the date of this Prospectus, whilst the Company may use SFTs and Total Return Swaps, they currently do not do so. However, the ACD reserves the right to permit the use of such instruments in the future.
3. Where the ACD intends to allow the Company to enter into SFTs or Total Return Swaps, not less than 60 days' written notice will be given to Shareholders. In addition, this Prospectus will be updated in accordance with the UK SFTR to include the following:
  - 3.1 a general description of the Total Return Swaps used and the rationale for their use;
  - 3.2 overall data for each type of Total Return Swap, including;
    - 3.2.1 the types of assets that can be subject to Total Return Swaps;
    - 3.2.2 the maximum and expected proportion of assets under management that will be subject to each type of Total Return Swap;
  - 3.3 the criteria used to select counterparties;
  - 3.4 a description of acceptable collateral;
  - 3.5 a description of the collateral valuation methodology used;
  - 3.6 a description of the risks linked to the Total Return Swaps as well as risks linked to collateral management and, where applicable, the risks arising from its reuse;
  - 3.7 a specification of how assets subject to Total Return Swaps and collateral is received and safe-kept;
  - 3.8 a specification of any restrictions on reuse of collateral; and
  - 3.9 a description of the policy on sharing of return generated by the Total Return Swaps.

## **Appendix 4**

### **Historical performance data**

As the Company is newly launched there is not yet any historical performance data for any of the Company.

Past performance is not necessarily a guide to future performance. The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested.

## Appendix 5

### Eligible securities and 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 the Company. In accordance with the relevant criteria in COLL, such a market must be regulated; operate regularly; be recognised as a market or exchange or as a self-regulating organisation by an overseas regulator; be open to the public; be adequately liquid; and have adequate arrangements for unimpeded transmission of income and capital to, or to the order of, investors.

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

#### 1. Eligible Securities Markets

- 1.1 Australia - Australian Securities Exchange;
- 1.2 Canada - TSX Venture Exchange;
- 1.3 Canada - Toronto SE;
- 1.4 Channel Islands - International SE;
- 1.5 Hong Kong - Hong Kong Exchanges;
- 1.6 Japan - Stock exchanges of Nagoya, Osaka and Tokyo (JASDAQ Securities Exchange);
- 1.7 Korea - Korea Stock Exchange Incorporated;
- 1.8 Mexico - Mexican Stock Exchange;
- 1.9 New Zealand - New Zealand Stock Exchange;
- 1.10 Singapore - Singapore Exchange;
- 1.11 South Africa - JSE Securities Exchange;
- 1.12 Switzerland - SIX Swiss Exchange AG;
- 1.13 Taiwan - Taiwan SE;
- 1.14 Thailand - The Stock Exchange of Thailand;

- 1.15 United Kingdom - Alternative Investment Market;
- 1.16 United States of America;
  - 1.16.1 NASDAQ (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc);
  - 1.16.2 any exchange registered with the Securities and Exchange Commission as a national stock exchange, including the New York Stock Exchange, the American Stock Exchange, and the stock exchanges of Chicago, NYSE Arca and Philadelphia;
  - 1.16.3 the market in transferable securities issued by or on behalf of the Government of the United States of America conducted through persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealer;
  - 1.16.4 the Over-the-Counter Market regulated by the National Association of Securities Dealers Inc.

## **2. Eligible derivatives markets**

- 2.1 Australia – ASX;
- 2.2 Austria – Wiener Borse AG;
- 2.3 Belgium- Euronext Brussels;
- 2.4 Bulgaria –Bulgarian Stock Exchange;
- 2.5 Canada – Montreal Stock Exchange;
- 2.6 Czech Republic – Prague Stock Exchange;
- 2.7 Denmark – NASDAQ Copenhagen A/S;
- 2.8 Finland – NASDAQ Helsinki Ltd;
- 2.9 France – Euronext Paris;
- 2.10 Germany – Frankfurt Stock Exchange, Eurex Deutschland;
- 2.11 Greece – Athens Stock Exchange;
- 2.12 Hong Kong – Hong Kong Exchanges and Clearing Ltd;
- 2.13 Hungary – Budapest Stock Exchange;
- 2.14 Italy - Equities Derivatives Market (IDEM) and Futures Market for Government Securities (MIF);
- 2.15 Japan - Tokyo Financial Exchange Inc;
- 2.16 Luxembourg – Luxembourg Stock Exchange;
- 2.17 Mexico – Mexican Stock Exchange;

- 2.18 Netherlands – Euronext Amsterdam;
- 2.19 New Zealand - New Zealand Futures and Options Exchange;
- 2.20 Norway – Oslo Bors, Merjur Market;
- 2.21 Portugal – Euronext Lisbon
- 2.22 Spain - BME, Spanish Exchanges;
- 2.23 South Africa - South African Futures Exchange;
- 2.24 Sweden – NASDAQ Stockholm
- 2.25 United Kingdom - Euronext.LIFFE, OMLX, ICE Futures Exchange, LSE and LME;  
and
- 2.26 USA - Chicago Board Options, CME Group Inc, New York Futures, New York Mercantile, Philadelphia BOT and Kansas BOT, Chicago Board of Trade, NASDAQ Futures, NYSE Arca Options, NASDAQ PHLX.

## Appendix 6

### Other authorised funds managed by the ACD

Authorised Contractual Schemes	Authorised Open-Ended Investment Companies	Authorised Unit Trusts
TM Brunel Pension Partnership ACS	Abaco Fund ICVC Arch House Fund Ariel Fund Bryth ICVC Canterbury Investment Fund CP Investment Funds Destiny Fund ICVC Harroway Capital ICVC Hawarwatza Fund Libero Portfolio Fund Lime Grove Fund Meadowgate Funds Mellifera OEIC Moulsoe Fund Scarp Fund Seymour Fund Skiwi Fund The Ambrose Fund The Astral Fund The Capital Link Growth Fund The Contact Fund The Diversification Fund ICVC The Dunnottar Fund The Global Multi Asset Fund The Hector Fund The Juniper Fund The Lockerley Fund The Mazener Fund The MCMLXIII Fund The Motim Fund The Northern Funds The Oenoke Fund The Ord Fund ICVC The Overstone Fund The Penare Fund The Saint Martins Fund The Staderas Fund The Stratford Fund The Sun Portfolio Fund The TBL Fund The TM Lancewood Fund The TM Mitcham Fund The Torridon Growth Fund The Vinings Fund The Wharton Fund	BPM Trust Eden Investment Fund Elfyinn International Trust Glenhuntley Portfolio Trust Hawthorn Portfolio Trust KES Diversified Trust KES Ivy Fund KES Growth Fund KES Income and Growth Fund KES Strategic Investment Fund Latour Growth Fund Lavaud Fund Malachite Return Fund Mossylea Fund Pippin Return Fund The Argo Fund The Blandfield Fund The Castor Fund The Delta Growth Fund The Deribee Funds The Eldon Fund The Endeavour II Fund The Hall Fund The HoundStar Fund The Iceberg Trust The Maiden Fund The Millau Fund The Norfolk Trust The Notts Trust The Palfrey Fund The TM Stockwell Fund The White Hill Fund Thesis Headway Fund Thesis Lion Growth Fund Thesis PM A Fund Thesis PM B Fund Thesis Thameside Managed Fund TM Chainpoint Fund TM Gravis UK Listed Property (Feeder) Fund TM Growth Fund TM Hearthstone UK Residential Feeder Fund TM Managed Fund

	<p>Thesis JDS Fund  TM Acer Fund  TM Balanced Growth Fund  TM Brickwood Funds  TM Brown Advisory Funds  TM Brunsdon OEIC  TM Castlefield Funds  TM Castlefield Portfolio Funds  TM Cerno Investment Funds  TM Cresswell Fund  TM First Arrow Investment Funds  TM Gravis Funds ICVC  TM Gravis Real Assets ICVC  TM Hearthstone ICVC  TM Investment Exposures Fund  TM James Hambro Umbrella Fund  TM Lime Fund  TM Natixis Investment Funds U.K. ICVC  TM Oak Fund  TM Oberon Funds ICVC  TM OEIC  TM Optimal Funds  TM P1 Investment Funds  TM Redwheel Funds  TM Ruffer Portfolio  TM Sanford DeLand Funds  TM Stonehage Fleming Global Multi-Asset Umbrella Fund  TM Stonehage Fleming Investments Funds  TM Timeline NURS Funds  TM Total Return Fund  TM UBS (UK) Fund  TM Veritas Investment ICVC  Trowbridge Investment Funds  Vastata Fund</p>	<p>TM Masonic Charitable Foundation Investment Fund  TM Merlin Fund  TM New Court Fund  TM New Court Growth Fund  TM New Court Return Assets Fund  TM New Institutional World Fund  TM Preservation Fund  TM Private Portfolio Trust  TM Stonehage Fleming Global Equities Fund  TM Stonehage Fleming Global Equities Umbrella Fund</p>
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## Appendix 7

### Directory of contact details

<b>ACD</b>	Thesis Unit Trust Management Limited Exchange Building St John's Street Chichester West Sussex PO19 1UP
<b>Administrator, Registrar and Fund Accountant:</b>	Northern Trust Global Services SE, UK branch 50 Bank Street London E14 5NT
<b>Dealing Office:</b>	Thesis Unit Trust Management Limited Sunderland SR43 4AZ  Tel: 0333 300 0375
<b>Auditors:</b>	Deloitte LLP 1 New Street Square London EC4A 3HQ
<b>Custodian</b> <i>Principal place of business</i>  <i>Who may also act under this power through its London branch:</i>	The Northern Trust Company 50 South LaSalle Street Chicago Illinois USA  50 Bank Street London E14 5NT
<b>Depositary:</b>	NatWest Trustee and Depositary Services Limited House A, Floor 0, Gogarburn 175 Glasgow Rd Edinburgh EH12 1HQ
<b>Investment Managers:</b>	Stonehage Fleming Investment Management Limited 6 St James's Square, London SW1Y 4JU  W1M Wealth Management Limited 16 Babmaes Street London SW1Y 6AH
<b>Financial Conduct Authority (FCA)</b>	12 Endeavour Square London E20 1JN