



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

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

## **PROSPECTUS**

### **TM BROWN ADVISORY FUNDS**

An investment company with variable capital incorporated with limited liability.

This document constitutes the Prospectus for TM BROWN ADVISORY FUNDS (the "Company") and is dated and valid as at **7 June 2023**. This document replaces any previous prospectuses issued by the Company.

It has been prepared in accordance with The Collective Investment Schemes Sourcebook ("COLL Sourcebook") which forms part of the FCA Handbook of Rules and Guidance and complies with the requirements of 4.2.5R of the COLL Sourcebook.

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

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

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

The Shares have not been and will not be registered under the 1933 Act or the securities laws of the United States. The Shares may not be offered or sold directly or indirectly in the United States or to or for the account or benefit of any US Person or in a transaction not subject to the regulatory requirements of, the 1933 Act and any applicable state securities laws. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of US law. The Company have not been and will not be registered under the 1940 Act and investors will not be entitled to the benefit of registration.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of these offering materials. Any representation to the contrary is unlawful. The Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States except as permitted under the 1933 Act and applicable state securities laws, pursuant to registration or exemption therefrom.

In order to ensure compliance with the restrictions referred to above, the Company is, accordingly, not open for investment by any US Persons or ERISA Plans except in exceptional circumstances and then only with the prior consent of the ACD. A prospective investor may be required at the time of acquiring Shares to represent that such investor is a qualified holder and not a US Person or acquiring Shares for the account or benefit, directly or indirectly, of a US Person or with the assets of an ERISA Plan. The granting of prior consent by the ACD to an investment does not confer on the investor a right to acquire Shares in respect of any future or subsequent application.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the COLL Sourcebook or otherwise.

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

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

This Prospectus has been approved for the purpose of section 21 of the Financial Services and Markets Act 2000 by Thesis Unit Trust Management Limited.

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

Unless the context requires otherwise, references to Fund or Funds in this Prospectus shall be to Funds whose Shares are in issue.

**POTENTIAL INVESTORS' ATTENTION IS DRAWN TO THE GENERAL RISK FACTORS SET OUT ON PAGES 28 TO 32 IN RESPECT OF THE COMPANY AND TO THE SPECIFIC RISKS APPLYING TO SPECIFIC FUNDS ELSEWHERE IN THIS PROSPECTUS.**

In this prospectus the below words and expressions shall have the following meanings:

## **DEFINITIONS**

|                             |  |
|-----------------------------|--|
| <b>'ACD'</b>                | Thesis Unit Trust Management Limited, the authorised corporate director of the Company;  |
| <b>'Act'</b>                | The Financial Services and Markets Act 2000;   |
| <b>'Approved Bank'</b>      | in relation to a bank account opened for the Company:<br>(a) if the account is opened at a branch in the United Kingdom:<br>(i) the Bank of England; or<br>(ii) the central bank of a member state of the OECD; or<br>(iii) a bank; or<br>(iv) a building society; or<br>(v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or<br>(b) if the account is opened elsewhere:<br>(i) a bank in a); or<br>(ii) a bank which is regulated in the Isle of Man or the Channel Islands; or<br>(c) a bank supervised by the South African Reserve Bank;<br>(d) and a credit institution established in an EEA State and duly authorised by the relevant Home State regulator.<br>as such definition may be updated in the FCA Glossary of definitions in the FCA Handbook from time to time; |
| <b>'Business Day'</b>       | any day which is not a Saturday, a Sunday or a public holiday on which banks are ordinarily open in the City of London;  |
| <b>'CASS'</b>               | the requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook, as amended or replaced from time to time;  |
| <b>'CCP'</b>                | has the meaning set out in the FCA Glossary;   |
| <b>'Class' or 'Classes'</b> | in relation to Shares, means (according to the context) all of the Shares or a particular class or classes of Share;   |
| <b>'COLL'</b>               | refers to the appropriate chapter or rule in The Collective Investment Schemes Sourcebook;   |
| <b>'COLL Sourcebook'</b>    | The Collective Investment Schemes Sourcebook issued by the FCA as amended or re-enacted from time to time;   |
| <b>'Company'</b>            | TM Brown Advisory Funds;   |
| <b>'conversion'</b>         | The exchange of Shares of one Class for Shares of a different Class within the same Fund;  |

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| <b>'Custodian'</b>                               | The Northern Trust Company as the custodian of the Company. The address for the Custodian is set out in the Directory;   |
| <b>'Data Protection Laws'</b>                    | 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: <ul style="list-style-type: none"> <li>(a) the UK GDPR;</li> <li>(b) the Data Protection Act 2018;</li> <li>(c) any laws which implement any such laws;</li> <li>(d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Agreement); and</li> <li>(e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws (in each case whether or not legally binding);</li> </ul> |
| <b>'Dealing Day'</b>                             | Monday to Friday (except for (unless the ACD otherwise decides) Christmas and bank holidays in England and Wales) and other days at the ACD's discretion;  |
| <b>'Depositary'</b>                              | NatWest Trustee and Depositary Services Limited, the depositary of the Company;  |
| <b>'Depositary Agreement'</b>                    | means the agreement between the Company, the ACD and the Depositary regarding the appointment of the Depositary;   |
| <b>'Directors'</b>                               | the directors of the Company for the time being (including the ACD), as the case may be, directors assembled as a board (including any committee of such board);   |
| <b>'Distributor'</b>                             | Brown Advisory Limited;  |
| <b>'EEA State'</b>                               | the European Economic Area;  |
| <b>'EEA State'</b>                               | a member state of the European Union and any other state which is within the European Economic Area;   |
| <b>'Efficient portfolio management' or 'EPM'</b> | as used in this prospectus, shall mean efficient portfolio management, hedging and investment techniques where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional income with a risk level which is consistent with the risk profile of the Funds and the risk diversification rules laid down in COLL, as more fully described in Appendix 3, paragraph 36 (Efficient Portfolio Management of all Funds);   |
| <b>'Eligible Institution'</b>                    | one of the eligible institutions as defined in the FCA Glossary;   |
| <b>'EMIR'</b>                                    | has the meaning set out in the FCA Glossary;   |

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|---|--|
| <b>'ERISA Plan'</b>                               | (i) any retirement plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (ii) any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended; or (iii) an entity whose assets include plan assets by reason of a plan's investment in the entity (generally because 25% or more of a class of equity interests in the entity is owned by plans); |
| <b>'ESG'</b>                                      | environmental, social and governance;  |
| <b>'ESMA'</b>                                     | European Securities and Markets Authority;   |
| <b>'EUR' or '€'</b>                               | Euros;   |
| <b>'EUWA'</b>                                     | The European Union (Withdrawal) Act 2018.  |
| <b>'FCA'</b>                                      | the Financial Conduct Authority or any successor regulatory authority from time to time. The address for the FCA is set out in Appendix 7;   |
| <b>'FCA Glossary'</b>                             | the glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time;   |
| <b>'FCA Handbook'</b>                             | the FCA's Handbook of rules and guidance made under the Act, as amended from time to time;   |
| <b>'FCA Rules'</b>                                | the rules contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements contained in the COLL sourcebook;   |
| <b>'Financial Instruments'</b>                    | as defined in the FCA Glossary;  |
| <b>'Fund' or 'Funds'</b>                          | a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) and to which specific assets and liabilities of the Company may be allocated and which are invested in accordance with the investment objective applicable to such sub-fund and 'Funds' shall be interpreted accordingly;  |
| <b>'Fund Accountant'</b>                          | the person who provides fund accounting services, being Northern Trust Global Services SE, UK Branch and its successor or successors as fund accountant;   |
| <b>'Gross Shares'</b>                             | income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to Gross Shares;  |
| <b>'Home State'</b>                               | as defined in the FCA Glossary;  |
| <b>'In Specie'</b>                                | a purchase or sale of Shares that is satisfied not by cash but by the transfer of securities or assets;  |
| <b>'Instrument of Incorporation'</b>              | the instrument incorporating the Company, as may be amended from time to time;   |
| <b>'International Tax Compliance Regulations'</b> | The International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time;   |

|                                  |   |
|----------------------------------|---|
| <b>'Investment Manager'</b>      | Brown Advisory Limited;   |
| <b>'money market instrument'</b> | <p>(1) any of the following investments:</p> <p>(a) a debenture which is issued on terms requiring repayment not later than five years from the date of issue;</p> <p>(b) any government and public security which is issued on terms requiring repayment not later than one year or, if issued by a local authority in the United Kingdom, five years from the date of issue;</p> <p>(c) a warrant which entitles the holder to subscribe for an investment within (a) or (b);</p> <p>(d) a certificate representing certain securities or rights to or interests in investments relating, in either case, to an investment within (a) or (b);</p> <p>(e) an option relating to:</p> <p style="padding-left: 40px;">(i) an instrument in (a) or (b); or</p> <p style="padding-left: 40px;">(ii) currency of the United Kingdom or of any other country or territory; or</p> <p style="padding-left: 40px;">(iii) gold or silver;</p> <p>(f) a future for the sale of:</p> <p style="padding-left: 40px;">(i) an instrument in (a) or (b); or</p> <p style="padding-left: 40px;">(ii) currency of the United Kingdom or of any other country or territory; or</p> <p style="padding-left: 40px;">(iii) gold or silver;</p> <p>(g) a contract for differences by reference to fluctuations in:</p> <p style="padding-left: 40px;">(i) the value or price of any instrument within any of (a) to (f); or</p> <p style="padding-left: 40px;">(ii) currency of the United Kingdom or of any other country or territory; or</p> <p style="padding-left: 40px;">(iii) the rate of interest on loans in any such currency or any index of such rates;</p> <p>(h) an option to acquire or dispose of an instrument within (e), (f) or (g).</p> <p>(2) those classes of Financial Instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment;</p> |
| <b>'Net Asset Value'</b>         | the value of the Scheme Property of the Company (or of any Fund as the context requires) less the liabilities of the Company (or of the Fund as the context requires) as calculated in accordance with the Company's Instrument of Incorporation;   |
| <b>'Non-UCITS retail scheme'</b> | an authorised fund which is neither a UK UCITS a qualified investor scheme or a long-term asset fund;   |
| <b>'OECD'</b>                    | the Organisation for Economic Co-operation and Development;   |



|                                 |   |
|---------------------------------|---|
| <b>'OEIC Regulations'</b>       | The Open Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended from time to time;  |
| <b>'OTC'</b>                    | over the counter;   |
| <b>'Reference Benchmark'</b>    | Investment Association Global peer group;   |
| <b>'Register'</b>               | the register of Shareholders in the Company;  |
| <b>'Registrar'</b>              | Northern Trust Global Services SE, UK Branch, the registrar of the Company;   |
| <b>'SDRT'</b>                   | Stamp Duty Reserve Tax as defined under the Taxation paragraph of this Prospectus;  |
| <b>'Scheme Property'</b>        | the property of the Company to be held by the Depositary for safe-keeping, as required by the FCA Rules, including income on that property;   |
| <b>'SFTR'</b>                   | has the meaning set out in the FCA Glossary;  |
| <b>'Share' or 'Shares'</b>      | a share or shares in the Company (including larger denomination Shares and fractions);  |
| <b>'Shareholder'</b>            | a holder of registered Shares in the Company;   |
| <b>'Sterling'</b>               | Pounds Sterling of the United Kingdom;  |
| <b>'switch'</b>                 | the exchange of Shares of one Class or Fund for Shares of another Class or Fund;  |
| <b>'SYSC'</b>                   | the Senior Management Arrangements, Systems and Controls sourcebook issued by the FCA pursuant to the Act, as amended or replaced from time to time;  |
| <b>'UCITS'</b>                  | Undertaking for Collective Investment in Transferable Securities. This will include a UCITS scheme or an EEA UCITS scheme, as defined in the FCA Glossary;  |
| <b>'UCITS Directive'</b>        | the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No. 2009/65/EC), as amended;  |
| <b>'United Kingdom' or 'UK'</b> | means the United Kingdom of Great Britain and Northern Ireland;   |
| <b>'UK GDPR'</b>                | means Regulation 2016/679 of the European Parliament and of the Council of 27th April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation) including as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained European Union law by virtue of section 8 of the EUWA (as may be amended from time to time) following the UK's withdrawal from the European Union; |
| <b>'UK UCITS'</b>               | has the meaning set out in the FCA Glossary;  |
| <b>'UK UCITS Regulations'</b>   | means the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 SI 2019/325 incorporating European directives or other European legislation relating to   |

|                                |  |
|--------------------------------|--|
|                                | undertakings for collective investment in transferable securities into UK domestic law following the UK's withdrawal from the European Union;  |
| <b>'United States' or 'US'</b> | The United States of America, its territories and possessions, any state of the United States, and the District of Columbia;   |
| <b>'USD' or '\$'</b>           | US Dollars;  |
| <b>'US Persons'</b>            | means a person who is in either of the following categories :<br>(a) a person included in the definition of "U.S. person" under Rule 902 of Regulation S under the 1933 Act; or<br>(b) a person excluded from the definition of a "Non-United States person" as used in the Commodity Futures Trading Commission (CFTC) Rule 4.7.<br><br>For the avoidance of doubt, a person is excluded from this definition of U.S. Person only if he or it is outside both the definition of "U.S. person" in Rule 902 and the definition of "Non-United States person" under CFTC Rule 4.7; |
| <b>'Valuation Point'</b>       | 12 noon on each Dealing Day;   |
| <b>'VAT'</b>                   | Value Added Tax;   |
| <b>'1933 Act'</b>              | the United States Securities Act of 1933 (as may be amended or re-enacted); and  |
| <b>'1940 Act'</b>              | the United States Investment Company Act of 1940 (as may be amended or re-enacted).  |

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

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

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

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

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

## **DETAILS OF THE COMPANY**

### **General**

TM Brown Advisory Funds is an open-ended investment company with variable capital incorporated in England and Wales. The Company is authorised by the FCA.

Authorised with effect from: 9 March 2022

Company registration number IC068013

Company FCA product reference number: 971552

Company head office address\* ("**Head Office**") and registered office: Exchange Building  
St John's Street, Chichester, PO19 1UP

The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company.

The Company is classed as a UK UCITS. It may be marketed to the public in the UK, however, it will not be able to apply to the regulatory authorities in EEA States to be marketed under the UCITS Directive in those states.

#### **\* Address for service:**

The Head Office is 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.

#### **Base Currency:**

The base currency of the Company is in pounds and each Fund is as set out in Appendix 1.

#### **Share Capital:**

Maximum £100,000,000,000

Minimum £1,000

***Shares have no par value. The share capital of the Company at all times equals the sum of the Net Asset Values of each of the Funds.***

The circumstances, and procedure for winding up the Company (or terminating a Fund), is set out under paragraph 'Winding up the Company' below.

## **THE STRUCTURE OF THE COMPANY**

### **The Funds:**

The Company is structured as an umbrella company in that different Funds may be established from time to time by the ACD with the approval of the FCA. On the introduction of any new Fund or Class, a revised prospectus will be prepared setting out the relevant details of each Fund or Class.

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

The Funds, and the FCA product reference numbers, are set out below:

| <b>Fund</b>                           | <b>Product reference number</b> |
|---------------------------------------|---------------------------------|
| TM Brown Advisory Global Leaders Fund | 971553                          |

Details of the Fund, including their investment objectives and policies, the Investment Manager's charges and the ACD Periodic Charge are set out in Appendix 1. Each Fund is structured as a UK UCITS.

Any limitations on the investment policies (under Appendix 1) are set out in the investment borrowing powers under Appendix 3.

**It is intended that all Funds will qualify for ISAs and ISA investors will be accepted in the Fund provided the investor has their own ISA manager. For avoidance of doubt, the ACD and Investment Manager do not act as ISA manager.**

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable. So far as the Shareholders are concerned, each Fund is treated as a separate entity and each Fund has a specific segregated portfolio of assets to which any liabilities attributable or allocated to a particular Fund shall be met out of the scheme property attributable to that Fund. Further details are set out under the paragraph headed 'Liabilities of the Company' below.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund and within the Fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes.

### **Shares**

#### **Classes of Share within the Funds**

Different Classes of Shares may be issued in respect of each Fund. The Classes of Share are distinguished by their criteria for subscription and fee structure.

- Accumulation Shares
- Income Shares

The Company issues Gross Shares only.

Details of these Share Classes, and the investors the Shares are available to are set out in Appendix 1.

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 respect of each Fund. Holders of accumulation Shares are not entitled to be paid the income attributable to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of a Fund at the end of the relevant distribution period and is reflected in the price of an accumulation Share.

Where a Fund 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 within a Fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to switch all or part of their Shares in a Class or a Fund for Shares in another Class within the same Fund or for Shares of the same or another Class within a different Fund of the Company. Details of this switching facility and the restrictions are set out below.

The Company may introduce a regular savings facility at a later date.

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

### **Changes to the Company**

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

### **INVESTMENT OBJECTIVES, POLICIES AND OTHER DETAILS OF THE FUNDS**

Investment of the assets of each of the Funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Funds. Details of these investment objectives and policies are set out in Appendix 1.

The eligible markets on which the Funds may invest are set out in Appendix 2. A detailed statement of the general investment and borrowing restrictions and the extent to which the Company may employ EPM techniques is set out in Appendix 3.

Historical performance data for each Fund is set out in Appendix 4.

### **Investor Profile**

The Investor Profile of each of the Funds is set out in Appendix 1.

### **Investment Manager**

The Investment Manager to each Fund is Brown Advisory Limited, whose address is set out in Appendix 7.

### **BUYING, REDEEMING, SWITCHING AND CONVERSION OF SHARES**

The dealing office of the ACD is open from 9.00 am until 5.00 p.m. on each Dealing Day to receive requests for the purchase, redemption, switching and conversion of Shares.

Subject to and in accordance with the COLL Sourcebook the issue or cancellation of Shares may take place through the Company directly.

It is the ACD's policy generally not to hold Shares or seek to make a profit from holding Shares.

## **Buying Shares**

### **Procedure**

Shares may be bought directly from the ACD or through your professional adviser or other intermediary. Any intermediary who recommends an investment in the Company to you may be entitled to receive commission from the ACD.

Shares in all Funds can be bought by sending an application form to Thesis Unit Trust Management Limited at the dealing office of the Administrator or by obtaining an application form by telephoning the ACD's Customer Enquiry Line on 0333 300 0375. Alternatively, Shares may be purchased through the means of electronic communications (as set out in the paragraph headed 'Electronic Communications' below). Application forms may be obtained from Thesis Unit Trust Management Limited at the dealing office of the Administrator.

In addition, the ACD may from time to time make arrangements to allow Shares to be bought on-line or through other communication media. The ACD has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant.

A subscription request must be received by the ACD before the Valuation Point on a Dealing Day in the relevant Fund or Funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day. Subscription requests received after a Valuation Point will be held over until the next day that is a Dealing Day in the relevant Fund or Funds.

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

Remittances will be in the same currency as that of the relevant Share Class.

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

### **Electronic Communications**

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

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

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.

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

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

Settlement is due within three Business Days of the relevant Dealing Day. If settlement is not made within a reasonable period, then the ACD has the right to cancel any Shares issued in respect of the application.

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Statements in respect of periodic distributions on Shares will show the number of Shares held by the recipient. Individual statements of a Shareholder's (or, when Shares are jointly held, the first-named holder's) Shares will also be issued at any time on request by the registered holder.

### **Minimum Subscriptions and Holdings**

The minimum initial subscription for each Class of Shares in a Fund is set out in Appendix 1. The minimum holding amount in respect of each Fund is set out in Appendix 1. The ACD may at its discretion accept subscriptions and holdings lower than the minimum amount.

If following a redemption a holding in any Class of Share should fall below the minimum holding for that Class, the ACD has a discretion to require redemption of that Shareholder's entire holding in that Class of Share.

### **Redeeming Shares**

#### **Procedure**

Every Shareholder has the right to require that the Company redeem his Shares on any Dealing Day unless the value of Shares which a Shareholder wishes to redeem will mean that the Shareholder will hold Shares with a value less than the required minimum holding in the relevant Class, in which case the Shareholder may be required to redeem his entire holding in that Class of Share in the relevant Fund.

Shares in all Funds can be redeemed by making a request to redeem to the Registrar, by telephoning 0333 300 0375 and through financial intermediaries. In addition, the ACD may from time to time make arrangements to allow Shares to be redeemed on-line or through other communication media.

A request to redeem must be received by the ACD before the Valuation Point on a Dealing Day in the relevant Fund or Funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day. Redemption requests received after a Valuation Point will be held over until the next day that is a Dealing Day in the relevant Fund or Funds.

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

A contract note giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first-named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of

a joint holding, by all the joint Shareholders) no later than the end of the Business Day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined. Payment in satisfaction of the redemption monies will be sent by BACS within three Business Days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders together with any other appropriate evidence of title, and (b) the Valuation Point following receipt by the ACD of the request to redeem.

### **Minimum Redemption**

Part of a Shareholder's holding may be redeemed but the ACD reserves the right to refuse a redemption request if the value of the Shares of any Fund to be redeemed is less than the value outlined in Appendix 1.

### **Deferred Redemptions**

If requested redemptions at a Valuation Point exceed 10% of a Fund's value, in order to protect the interests of continuing Shareholders the redemptions may be deferred to the next Valuation Point in accordance with procedures that ensure the consistent treatment of Shareholders who have sought to redeem at that Valuation Point. The procedures are that to the extent redemption requests are deferred, deferral will be pro-rata based on the value of Shares being redeemed (provided that the ACD may determine in its discretion a value threshold below which all redemptions will be effected, and above which the foregoing pro-rata deferral shall apply) and that all deals relating to an earlier Valuation Point are completed before those relating to a later Valuation Point.

### **Switching**

A Shareholder in a Fund may at any time switch all or some of his Shares of one Class or Fund ("**Original Shares**") for Shares of another Class or Fund (the "**New Shares**"), subject to the restrictions defined in the 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.

A request to switch may be made in writing to the Registrar, by telephoning 0333 300 0375 and through financial intermediaries. 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.

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 relevant Fund or Funds concerned 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 in the relevant Fund or Funds. A charge may apply to switch; please refer to the sub-paragraph below "Charges on Switching" for details.

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 the COLL Sourcebook.

**Please note that a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to United Kingdom taxation, be a realisation for the purposes of capital gains taxation. However, a switch between Classes of Shares in any one Fund 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 Shares in one Fund for Shares in any other Fund (or who switches between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.**

### **Share Class Conversions**

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

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

Conversions may be effected by making a request to convert in writing to the Registrar, by telephoning 0333 300 0375 and through financial intermediaries. The Shareholder will be required to provide written instructions to the Registrar or its client adviser, as appropriate (which, in the case of joint Shareholders must be signed by all the joint Shareholders) before a conversion is effected.

A conversion request must be received by the ACD before the Valuation Point on a Dealing Day in the relevant Fund or Funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day. Conversion Requests received after a Valuation Point will be held over until the next day that is a Dealing Day in the relevant Fund or Funds.

A contract note giving details of the conversion will be sent on or before the Business Day next following the relevant Dealing Day.

A converting Shareholder must be eligible to hold the Shares into which the conversion is to be made.

If the conversion would result in the Shareholder holding a number of Old Class Shares or New Class Shares of a value which is less than the minimum holding in the Share Class concerned, the ACD may, if it thinks fit, convert the whole of the applicant’s holding of Old Class Shares to New Class Shares or refuse to effect any conversion of the Old Class Shares. No conversion will be made during any period when the right of Shareholders to require the conversion of their Shares is suspended.

Save as otherwise specifically set out, the general provisions on procedures relating to redemptions will apply equally to a conversion.

Please note that, under current tax law, a conversion of Shares between different Share Classes in the same Fund will not be deemed to be a realisation for the purposes of capital gains taxation.

A Shareholder who converts their Shares in one Share Class to Shares in a different Share class in the same Fund will not be given a right by law to withdraw from or cancel the transaction.

### **Dealing charges**

The price per Share at which Shares are bought or redeemed is the Net Asset Value per Share and any dilution adjustment that may be applied. Any preliminary charge or redemption charge is payable in addition to the price.

### **Preliminary Charge**

The ACD may impose a charge on the price of Shares in each Class. Details of the preliminary charges levied on any class of Shares is set out in Appendix 1.

### **Redemption Charge**

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

The ACD may introduce a redemption charge on any Class of Shares or vary the rate or method of calculation of any redemption charge only in accordance with the FCA rules and after the ACD has made available a revised version of the Prospectus showing the rate of charge and its commencement. Any redemption charge introduced will apply only to Shares sold since its introduction but not to Shares previously in issue.

### **Charges on Switching**

On the switching of Shares between Funds or Classes in the Company the Instrument of Incorporation authorises the Company to impose a charge on switching. The charge will not exceed an amount equal to the then prevailing preliminary 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 preliminary charge for the New Shares. An SDRT provision may also be levied on the redemption of the Original Shares. The ACD does not currently charge a switching fee.

### **New Charges and Increase in Charges**

The ACD may, at any time, introduce a new charge or expense or increase the rate of a current charge or expense only in accordance with the COLL Sourcebook and after the ACD has made available a revised Prospectus showing the new charge or expense or the proposed increase and its commencement date.

### **Other dealing information**

#### **Dilution adjustment**

In order to mitigate the effect of dilution, the ACD may at its discretion adjust the sale and purchase price of Shares to take into account the possible effects of dilution to arrive at the price of the Shares. This practise is known as making a "dilution adjustment" or operating "single swinging pricing". The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in the relevant Fund. If the price of the Shares does contain a dilution adjustment, such dilution adjustment will be paid into the

relevant Fund and will become part of the property of the relevant Fund, thus mitigating the effects of dilution that would otherwise constrain the future growth of the relevant Fund.

The ACD reserves the right to make a dilution adjustment every Dealing Day. The dilution adjustment is calculated using the estimated dealing costs of the relevant Fund's underlying investments and taking into consideration any dealing spreads, commission and transfer taxes.

The ACD may in its discretion make a dilution adjustment if, in its opinion, the existing Shareholders, in the case of subscriptions, or remaining Shareholders, in the case of redemptions, might otherwise be adversely affected, and making a dilution adjustment is, so far as practicable, fair to all Shareholders and potential Shareholders. In particular, without limitation, the dilution adjustment may be made in the following circumstances:

- a) where the relevant Fund is experiencing a large net subscription position or a large net redemption position relative to its size on any Dealing Day measured based on the deals on that Dealing Day. For these purposes a large net subscription or redemption position will typically be at 5% of the size of the Fund;
- b) in any other case where the ACD is of the opinion that the interests of Shareholders or potential Shareholders of the Fund requires the imposition of a dilution adjustment.

The dilution adjustment will normally be the full adjustment to Net Asset Value referred to above. The adjustment will be reviewed by the ACD on a quarterly basis, in line with the actual costs incurred during the preceding quarter and will be at the discretion of the ACD.

The price of Shares of each Class will be calculated separately but any dilution adjustment will in percentage terms affect the price of Shares of each Class identically. The ACD's decision on whether or not to make this adjustment, and at what level this adjustment might be made in a particular case or generally, will not prevent it from making a different decision on future similar transactions.

Based on the ACD's experience, should a dilution adjustment be made, it is anticipated that it will be applied at a rate of less than 1% of the relevant price.

In the event that a dilution adjustment is made it will be applied to all transactions on the relevant Dealing Day and all transactions on that day will be dealt at a price inclusive of the dilution adjustment.

On the occasions when a dilution adjustment is not applied, if the relevant Fund is in a net subscription position or a net redemption position, there may be an adverse impact on the assets of the relevant Fund attributable to each underlying Share, although the ACD does not consider this to be likely to be material in relation to the potential future growth in value of a Share over the medium to long term.

As dilution is directly related to the inflows and outflows of monies from a Fund it is not possible to predict accurately whether dilution will occur at any future point in time or how frequently the ACD will need to make such a dilution adjustment. The actual dilution adjustment applied will depend on market conditions at or around the time at which a subscription or redemption application is accepted by the ACD.

The number of days on which a dilution adjustment has been applied between 1 April 2022 and 31 March 2023 is nil.

## **Market timing**

The ACD may refuse to accept a new subscription in a Fund or a switch from another Fund if, in the opinion of the ACD, it has reasonable grounds for refusing to accept a subscription or a switch from them. In particular, the ACD may exercise this discretion if it believes the Shareholder has been or intends to engage in market timing.

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 Point in the Funds. Short term trading of this nature may often be detrimental to long term Shareholders, in particular, the frequency of dealing may lead to additional dealing costs which can affect long term performance.

## **Money laundering**

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.

Please refer to 'Electronic verification' under 'General Information' for details of the resources we may access to verify information on you.

A new corporate criminal offence came into force in the United Kingdom on 30 September 2017. The offence is broad in scope and targets the failure by a 'relevant body' to prevent a person acting on its behalf from facilitating tax evasion (whether by an individual or legal entity). If it can be demonstrated that reasonable prevention procedures were in place which were designed to prevent such facilitation occurring, the relevant body will not be guilty of a criminal offence. The ACD reserves the right to adopt such practices and procedures as it deems at any point necessary to avoid committing an offence under the legislation.

## **Transfers**

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of transfer must be returned to the ACD in order for the transfer to be registered by the ACD. The ACD may refuse to register a transfer unless an amount equivalent to the applicable SDRT has been paid.

## **Restrictions and compulsory transfer and redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself or suffering any other adverse consequence. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or switching of Shares.

If it comes to the notice of the ACD that any Shares ("**affected Shares**"):

- (i) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or

- (ii) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or
- (iii) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case;

the ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing is given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within thirty days after the date of such notice transfer his affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that he or the beneficial owner is qualified and entitled to own the affected Shares, he shall be deemed upon the expiry of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

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

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

The ACD may also, in its sole discretion, convert or switch some or all of the Shares held by any Shareholder from one Class to another Class in the same Fund, provided that the terms of the original Shares are substantially similar to the new Shares and, in any event, the conversion or switch does not materially prejudice any such Shareholder. The ACD will provide the Shareholder with 60 days' prior written notice of any such conversion or switch. Please note that, under current tax law, a conversion or switch of Shares between different Classes in the same Fund will not be deemed to be a realisation for the purposes of capital gains taxation.

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

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

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

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

### **In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers the deal to be substantial in relation to the total size of the Fund concerned or in some way advantageous or detrimental to the Fund, arrange, having given prior notice in writing to

the Shareholder that in place of payment for the Shares in cash, the Company transfers property or, if required by the Shareholder, the net proceeds of sale of the relevant property, to the Shareholder.

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.

### **Suspension of dealings in the Company**

The ACD may, with the prior agreement of the Depositary, or must if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares (including any purchase and redemption on switching) in any or all of the Funds where due to exceptional circumstances it is in the interests of Shareholders in the affected Funds (for example, but without limitation, on the closure or suspension of dealing on a relevant stock exchange, or the inability of the ACD to ascertain properly the value of any or all of the assets or realise any or all of the assets of a Fund). The ACD or the Depositary must immediately inform the FCA of the suspension.

Notice of the suspension will be provided to Shareholders in the affected Funds as soon as practicable after commencement of the suspension. The notification will draw Shareholders' attention to the exceptional circumstances which resulted in the suspension, and inform Shareholders how to obtain the information described in the following sentence. The ACD will publish (on its website or by other means) sufficient details to keep Shareholders appropriately informed about the suspension including, if known, its likely duration. During the suspension, the ACD shall not be obliged to deal in the Shares, but must comply with as many of its obligations regarding valuation and pricing as are practicable in the light of the suspension. The ACD and Depositary must review any such suspension at least every 28 days and inform the FCA of the results of their review. Any such suspension may only continue so long as it is justified having regard to the interest of Shareholders.

The ACD may agree, during the suspension, to deal in Shares in which case all deals accepted during, and outstanding prior to, the suspension will be undertaken at a price calculated at the first Valuation Point after restart of dealing in Shares.

Recalculation of the Share price for the purposes of purchases and redemptions will commence on the next relevant Valuation Point following the ending of the suspension.

### **Governing law**

All deals in Shares are governed by English law.

### **Client Money Rules**

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

1. The ACD receives the money from a client in relation to the ACD's obligation to issue Shares in the fund in accordance with COLL; or
2. The money is held in the course of redeeming Shares, where the proceeds are paid to the client within the timeframe specified in COLL.

Where money is received in either of the circumstances set out in 1. or 2. above, the ACD must cease to operate the exemption if, by close of business on the Business Day following receipt of the money, it has not paid it over to the Depositary or the client or, if direct issues and cancellations of Shares by the Company are permitted, to the Company, as applicable.

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

Money deposited into an account with a third party may have a security interest, lien or right of set-off in relation to the money, to the extent permitted by the Client Money Rules.

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

### **VALUATION OF THE COMPANY**

The price of a Share is calculated by reference to the Net Asset Value of the Fund to which it relates. There shall only be a single price for a Share in any Fund. The Net Asset Value per Share is currently calculated at 12 noon on each Dealing Day.

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

Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which do not create a valuation point for the purposes of dealings. Where permitted and subject to the Regulations, the ACD may in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class of each Fund and the amount of any dilution adjustment applicable in respect of any purchase or redemption of Shares, except where calculated purely for performance purposes.

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

The value of the property of the Company or Fund (as the case may be) shall be the value of its assets less the value of its liabilities determined in accordance with the following provisions.

- 1 All the property (including receivables) is to be included, subject to the following provisions.

- 2 Property which is not cash (or other assets dealt with in paragraph 3 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - 2.1 units or shares in a collective investment scheme:
    - 2.1.1 if a single price for buying and redeeming units or shares is quoted, at that price; or
    - 2.1.2 if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or
    - 2.1.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;
  - 2.2 any other transferable security:
    - 2.2.1 if a single price for buying and redeeming the security is quoted, at that price; or
    - 2.2.2 if separate buying and redemption prices are quoted, at the average of the two prices; or
    - 2.2.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists, or, if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which in the opinion of the ACD, is fair and reasonable;
  - 2.3 property other than that described in 2.1 and 2.2 above at a value which, in the opinion of the ACD, is fair and reasonable.
- 3 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 4 Property which is a contingent liability transaction shall be treated as follows:
  - 4.1 if it is a written option (and the premium for writing the option has become part of the property), deduct the amount of the net valuation of premium receivable. If the property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
  - 4.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 4.3 if it is any other form of contingent liability transaction, include it at the mark to market value (whether as a positive or negative value). If the property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.



- 5 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 6 Subject to paragraphs 7 and 8 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 if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 7 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 6.
- 8 All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property.
- 9 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, value added tax, stamp duty, stamp duty reserve tax and any foreign taxes or duties.
- 10 Deduct an estimated amount for any liabilities payable out of the property and any tax thereon treating periodic items as accruing from day to day.
- 11 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 12 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 13 Add any other credits or amounts due to be paid into the Scheme Property.
- 14 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 15 Currencies or values in currencies other than the base currency of the Fund 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.
- 16 Deduct the total amount of any performance fee that has accrued as at that time (if any) based on the calculation summarised in the Prospectus.

### **Price per Share in each Fund and each Class**

The price per Share at which Shares are bought or redeemed is the Net Asset Value per Share and any dilution adjustment that may be applied. Any preliminary charge, redemption charge or SDRT provision is payable in addition to the price.

### **Pricing Basis**

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

## **Publication of Prices**

The most recent prices will appear daily on the Trustnet website at [www.trustnet.com](http://www.trustnet.com) and can also be obtained by telephone on 01483 783 900.

For reasons beyond the control of the ACD, these may not necessarily be the current prices. The cancellation price last notified to the Depositary is available from the ACD upon request.

The ACD may, at its discretion, publish prices of some, or all, Shares in any United Kingdom newspaper but may cease to do so without notification to Shareholders at any time.

As the ACD deals on a forward pricing basis, the prices that appear on the website, and those available by telephone, will not necessarily be the same as the ones at which investors can currently deal.

The ACD does not accept responsibility for the accuracy of the prices published or for the non-publication of prices for reasons beyond the control of the ACD.

## **RISK FACTORS**

**Potential investors should consider the following risk factors before investing in the Company (or, in the case of specific risks applying to specific Funds, in those Funds).**

### **General**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. Consequently, the value of shares in all Funds and the income derived from them can go down as well as up and as a result an investor may not get back the amount originally invested. This can be as a result of market movements and also variations on the exchange rates between currencies.

There can be no assurance that any appreciation in 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 invested in the Company. There is no assurance that the investment objective of any Fund will actually be achieved.

### **Effect of Preliminary Charge**

The ACD's preliminary charge is deducted from an investment at the outset and an equivalent rise in the value of shares is required before the original investment can be recovered. Consequently an investor who realises his shares after a short period may not (even in the absence of a fall in the value of the relevant investments) realise the amount originally invested. Therefore, the Shares should be viewed as a mid to long term investment.

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

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see "Suspension of dealings in the Company" on page 24).

### **Charges to Capital**

Where the objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or

part of the ACD's fee (and any other charges) may be charged against capital instead of income. This may erode or constrain capital growth.

### **Dilution adjustment**

Investors should note that in certain circumstances a dilution adjustment may be applied on their purchase or redemption of Shares (see "Other dealing information" on page 20). Where a dilution adjustment is not applied, the Fund in question may incur dilution, which may constrain capital growth.

### **Liabilities of the Company**

Each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund and the Fund's charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes.

As the Company is an umbrella company, each Fund has a specific segregated portfolio of assets. Any liabilities attributable or allocated to a particular Fund shall be met first out of the property attributable or allocated to that particular Fund. Accordingly, the assets of each Fund belong exclusively to that Fund and shall not be used to discharge directly, or indirectly, the liabilities of, or claims against, any other person or body, including the Company, or any other Fund, and shall not be available for any such purpose.

Any liabilities, expenses, costs or charges which are not attributable to one Fund only and allocated in accordance with the FCA Rules, may be reallocated by the Directors, provided that such reallocation shall be done in a manner which is fair to the Shareholders of the Company generally.

The ACD would normally expect any such reallocation to be effected on a pro rata basis having regard to the Net Asset Value of each Fund. If there is any such reallocation the ACD will advise Shareholders of it in the next succeeding annual or half yearly report to Shareholders.

While provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts, or under foreign law contracts, it is not known how those foreign courts will react to Regulation 11A and 11B of the OEIC Regulations,

Shareholders are not, however, liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after he has paid the purchase price of the Shares.

### **Derivatives**

**Derivative transactions may be used in each Fund solely for the purposes of hedging and efficient portfolio management and are not intended to increase the risk profile of any Fund.**

A Fund may be invested in derivatives or a forward transaction but only for the purposes of hedging with the aim of reducing the risk profile of a Fund, or reducing costs. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions nor prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the positions' value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase. Additionally, it may not be possible for a Fund to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated if it is not able to enter into a hedging transaction

at a price sufficient to protect a Fund from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

Where derivative instruments are utilised for hedging purposes, the risk of loss to the Fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated. Such imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss. While a Fund may enter into such transactions to seek to reduce exchange rate and interest rate risks, unanticipated changes in currency, interest rates and equity markets may result in a poorer overall performance of the relevant Fund. Movements in currencies may render hedging ineffective. For a variety of reasons, the ACD may not seek to establish (or may not otherwise obtain) a perfect correlation between such hedging instruments and the portfolio holdings being hedged.

### **Counterparty risk in over-the-counter markets**

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

### **Legal and Regulatory Risks**

Legal and regulatory (including taxation) changes could adversely affect the Company. Regulation (including taxation) of investment vehicles such as the Company is subject to change. The effect of any future legal or regulatory (including taxation) change on the Company is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of shareholders.

### **ESG Risks**

A “**Sustainability Risk**” means an ESG event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. If a Sustainability Risk associated with an investment materialises, it could lead to the loss in value of an investment.

### **Conflicts Policy**

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

### **Custody Risk**

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

### **Currency**

The underlying instruments held by a Fund may be denominated in currencies other than the currency of the relevant Class or Fund and the Investment Manager may decide not to hedge that currency risk. Hedging currency risk remains exclusively an investment management decision and it may have an impact on the performance of a Fund or of a Class. Accordingly, the value of an investment may be affected favourably or unfavourably by fluctuations in exchange rates, notwithstanding any efforts made to hedge such fluctuations. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the currency of investment should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of investment and such other currency.

### **Geographical / Sector**

Significant exposure to a particular industrial sector or geographical region puts a Fund at risk of a localised event making a significant impact to the value of the Fund.

### **Concentrated Portfolio**

If a Fund has a concentrated portfolio (holds a limited number of investments) and if one or more of these investments declines or is otherwise affected, it may have a pronounced effect on the Fund's value.

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

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

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

### **Loss of Liquidity**

The Investment Manager will seek to ensure that there is sufficient liquidity within each Fund's portfolio of investments. However, certain investment positions may be less liquid. Such liquidity problems could prohibit a Fund from promptly liquidating a position and subject the Fund to substantial losses. In addition, a Fund may have to execute trades at less favourable prices if little trading in the relevant investment position involved is taking place. It is also possible that an exchange may suspend trading in a particular investment

position, order immediate liquidation and settlement of a particular investment position, or order that trading in a particular investment position be conducted for liquidation only.

### **Warrants**

The value of warrants is likely to be subject to higher fluctuations than the prices of the underlying securities because of the greater volatility of warrant prices.

### **Emerging Markets**

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

The risks of expropriation, nationalisation and social, political and economic instability are greater in emerging markets than in more developed markets. The following is a brief summary of some of the more common risks associated with emerging markets investment:

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

The Company can invest in such markets.

### **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 investors.

**MANAGEMENT AND ADMINISTRATION**

**Authorised Corporate Director**

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.

The directors of the ACD are:

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

Registered Office and Head Office: Exchange Building, St John’s Street, Chichester, PO19 1UP

Share Capital: Issued and paid up: £5,673,167

D W Tyerman and S R Mugford also hold directorships of other companies within the Thesis group and perform senior management roles within these companies, particularly Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.

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

The ACD acts as authorised fund manager of other regulated collective investment schemes. Details of these schemes are set out at Appendix 5.

The ACD is the sole director of the Company and is responsible for managing and administering the Company’s affairs in compliance with the COLL Sourcebook.

*Delegated functions*

The ACD has delegated the below to:

- registration function to Northern Trust Global Services SE, UK Branch;
- fund accounting functions to Northern Trust Global Services SE, UK Branch;
- the investment management function to Brown Advisory Limited; and

- the distribution and promotion of the sale of the Shares in the Funds to Brown Advisory Limited.

Refer to the below 'Terms of Appointment' for details.

### **Terms of Appointment**

The appointment of the ACD has been made under an agreement between the Company and the ACD (the "**ACD Agreement**").

The ACD Agreement provides that the agreement may be terminated by either party giving not less than six months' prior written notice at any time and forthwith in certain circumstances by the Company. Termination cannot take effect until the FCA has approved the change of ACD.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations. No compensation for loss of office is provided for in the agreement. The ACD Agreement provides indemnities to the ACD other than for certain matters including those arising by reason of its fraud, negligence, wilful default, breach of duty or its bad faith, in the performance of its duties and obligations.

Under the ACD Agreement the ACD is entitled to delegate all of its functions to third parties, including without limitation, its investment management, administration and registrar functions.

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

The fees to which the ACD is entitled are set out on pages 39-40.

The ACD is authorised and regulated by the FCA.

### **The Depositary**

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.

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

The Depositary's registered office is at 250 Bishopsgate, London EC2M 4AA. The Depositary's head office address is 440 Strand, London WC2R 0QS. The address of its office which handles matters relating to the Company is set out in the Directory in this Prospectus.

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

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

#### *Duties of the Depositary*



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

#### *Terms of Appointment*

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

The Depositary Agreement provides that the Depositary be engaged to maintain the safe custody of the Scheme Property and to fulfil other duties required in the OEIC Regulations, and COLL.

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"). A list of sub-custodians is set out in Appendix 6. Investors should note that the list of sub-custodians is updated only at each Prospectus review.

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

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

The Depositary Agreement may be terminated on 6 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.

Details of the fees payable to the Depositary are set out below in the paragraph titled "Depositary's Fees, Charges and Expenses".

#### *Conflicts of interest*

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

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Company, a particular Fund, one or more Shareholders, the ACD and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian. The Depositary will, however, have regard in such event to its obligations under the Depositary Agreement and the FCA Rules and, in particular, will use reasonable endeavours to ensure that the performance of its duties will not be impaired by any such involvement it may have and that any conflicts which may arise will be resolved fairly and in the best interests of Shareholders collectively so far as practicable, having regard to its obligations to other clients.

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

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.

#### *Updated Information*

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

#### **The Investment Manager**

The ACD has appointed Brown Advisory Limited to provide investment management and advisory services to the ACD in respect of all Funds.

The address of the Investment Manager is set out in Appendix 7.

#### *Terms of Appointment*

The ACD has appointed the Investment Manager to provide discretionary investment management and related advisory services in relation to the Scheme Property of the Funds, pursuant to an investment management agreement.

The Investment Manager has the authority to make investment decisions on behalf of the ACD. The investment management agreement may be terminated on three months' written notice by the ACD or the Investment Manager. Notwithstanding this, the ACD may terminate any investment management agreement with immediate effect if it is in the interests of Shareholders.

The Investment Manager is entitled to take an annual fee out of each Fund as a percentage of the Net Asset Value of such Fund calculated on a mid-market basis. Please see paragraph "Fees and Expenses" for more information.

Copies of the Investment Manager's execution policy and voting policy are available from the ACD on request.

The principal business activity of the Investment Manager is as a provider of investment management services.

The Investment Manager is not part of the same corporate group as the ACD.

#### **Registrar and Fund Accountant**

The ACD has appointed Northern Trust Global Services SE, UK Branch to provide inter alia registration and fund accounting services to the Company under an investment fund services agreement.

Northern Trust Global Services SE's principal business is the provision of fund administration, accounting, registration, transfer agency and related shareholder services to collective investment schemes and investment funds.

Its registered office is set out in Appendix 7. The Registrar and Fund Accountant are entitled to payment for services and details of these fees are set out at the paragraphs "Fund Accountant's Fees" and "Registrar".

## **The Auditor**

The auditor of the Company is Deloitte LLP and the address of the auditor is set out in Appendix 7.

## **The Distributor**

The Distributor is Brown Advisory Limited, whose address is set out in Appendix 7. The ACD has appointed the Distributor on a non-exclusive basis to distribute and promote the sale of the Shares in the Funds.

## **Register**

The Register is kept and may be inspected at the Registry's office located at 50 Bank Street, London E14 5NT during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

## **Administrator Corporate Governance**

The ACD has appointed ISS Proxy Monitor to provide (from time to time) corporate governance services (including the voting of holdings at meetings) on behalf of the Company.

## **Conflicts of Interest**

The ACD, Brown Advisory Limited and other entities within the Brown Advisory Limited group may, from time to time, act as investment managers or advisers to other funds or sub-funds that follow similar investment objectives to those of the Funds. It is therefore possible that the ACD or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Fund. The ACD and the Investment Manager will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise.

The Depositary may, from time to time, act as the depositary of other open-ended investment companies with variable capital and as trustee or custodian of other collective investment schemes.

## **FEES AND EXPENSES**

### **General**

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.

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:

1. the fees and expenses payable to the ACD, the Fund Accountant, the Investment Manager, the Registrar and to the Depositary;

2. expenses incurred in acquiring and disposing of investments;
3. fees in respect of the publication and circulation of details of the Net Asset Value;
4. the fees and expenses of the auditors and tax, legal and other professional advisers of the Company;
5. the costs of convening and holding Shareholder meetings (including meetings convened by Shareholders);
6. the costs of printing and distributing reports, accounts and any prospectus (apart from the costs of distributing any key investor information documents), publishing prices and any costs incurred as a result of periodic updates of any prospectus and any other administrative expenses;
7. any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Company, which are currently carried on by the Registrar;
8. any fees or costs associated with any CASS related support activity incurred by the Registrar;
9. taxation and duties payable by the Company;
10. interest on and charges incurred in borrowings;
11. any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;
12. fees of the FCA under the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed.

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

Value Added Tax is payable on these charges where appropriate.

#### Allocation of payments

The ACD and the Depositary have agreed that normally the fees payable from the Funds will be charged to income (except those charges and expenses relating directly to the purchase and sale of investments), or capital, or split between income and capital, as the case may be, as shown in Appendix 1.

Where fees and/or expenses are to be deducted in the first instance from income, (except those charges and expenses relating directly to the purchase and sale of investments) if, and only if, this is insufficient, deductions will be made from capital.

**It should be noted that, where fees are charged to capital, this policy may result in capital erosion or constrain capital growth in respect of a Fund.**

#### **Allocation of Fees and Expenses between Funds**

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

### **Research Payment Account**

The Investment Manager will pay for research from the Investment Manager Charge (as defined below).

### **Charges Payable to the ACD**

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of each Fund as a percentage of the Net Asset Value of such Fund calculated on a mid-market basis (the "**ACD Periodic Charge**").

The ACD Periodic Charge accrues daily and is payable monthly. The current ACD Periodic Charge, for each Fund, is set out in Appendix 1. The minimum ACD Periodic Charge is subject to a minimum fee of £20,000 per Fund per annum.

The current ACD Periodic Charge payable to the ACD for a Class may only be increased in accordance with the COLL Sourcebook and after the ACD has made available a revised Prospectus showing the new rate of charge and its commencement date.

The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties which may include legal and professional expenses of the ACD in relation to the proper performance of the ACD's duties under the ACD Agreement, or related to documents amending the ACD Agreements, all postage and communication costs incurred in the proper performance of duties under the ACD Agreement and all expenses incurred in notarising documents.

### **Investment Manager's Fees**

In payment for carrying out its duties and responsibilities the Investment Manager is entitled to take an annual fee out of each Fund as a percentage of the Net Asset Value of such Fund calculated on a mid-market basis (the "**Investment Manager Charge**").

The Investment Manager Charge accrues daily and is payable monthly. The current Investment Manager Charge, for each Fund, is set out in Appendix 1.

The current annual fee payable to the Investment Manager for a Class may only be increased in accordance with the COLL Sourcebook and after the ACD has made available a revised Prospectus showing the new rate of charge and its commencement date.

The Investment Manager is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties which may include legal and professional expenses of the Investment Manager in relation to the proper performance of the Investment Manager's duties under the Investment Management Agreement, or related to documents amending the Investment Management Agreements, all postage and communication costs incurred in the proper performance of duties under the Investment Management Agreement and all expenses incurred in notarising documents.

### **Fund Accountant's Fees**

The Fund Accountant’s fees and expenses (plus VAT thereon) will be paid by the Fund directly. The Fund Accountant’s fee is 0.04% per annum with a minimum of £25,000 per Fund per annum.

**Depository’s Fees, Charges and Expenses**

The Depository is paid a monthly periodic fee (plus VAT) from the property of the Company in remuneration for its services.

The Depository’s fee is calculated on the value of the property of each Fund in accordance with the Depository Agreement and the FCA Rules, and payable out of the relevant Fund in accordance with the FCA Rules. For this purpose, the value of the Fund is inclusive of the issues and cancellations which take effect as at the Valuation Point.

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

The Depository’s fees will not exceed 0.0275% per annum. The Depository’s fee is subject to a minimum fee of £7,500 per Fund per annum and VAT at the standard rate is added to these fees.

The current fees payable are:

|                             |                   |
|-----------------------------|-------------------|
| 0 - £50 million             | 0.0275% per annum |
| £50 million - £100 million  | 0.025% per annum  |
| £100 million - £200 million | 0.02% per annum   |
| £200 million +              | 0.015% per annum  |

In addition to the above periodic fees, the Depositary shall also be entitled to be paid transaction charges and custody charges in relation to transaction handling and safekeeping of scheme property as follows:

| Item                | Range   |
|---------------------|---|
| Transaction Charges | £7.50 to £180   |
| Custody Charges     | Up to 0.90% of the value of the holding involved, subject to a minimum charge of £7,500 per annum |

These charges vary from country to country depending on the markets and the type of transaction involved. The charges will be at the lower end of the above range for generic markets and the higher end of the range for more esoteric/emerging markets.

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.

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

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.

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.

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

In each 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.

Global custody is provided by The Northern Trust Company.

**Registrar**

The Registrar’s registration fees will be paid out of the property of the relevant Fund. The current registration fee is £10 per Shareholder per annum, £6 per Shareholder transaction effected through straight through processing and £19 per Shareholder transaction recorded manually, with a minimum aggregate charge of £2,500 per annum per Fund.

Disbursements listed in the Fees and Expenses section above will also be paid from the Company.

### **Additional Administration**

The Company's expenses in relation to the provision of pricing, accounting and taxation services by the ACD will be paid by the Fund directly.

## **SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **Annual General Meeting**

The Company does not hold annual general meetings. Resolutions will be voted upon at Extraordinary General Meetings.

### **Class and Fund Meetings**

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

### **Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

### **Notice and Quorum**

Shareholders will receive at least 14 days' notice of a Shareholders' meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. If after a reasonable time from the time set for an adjourned meeting there is not two Shareholders present in person or by proxy, the quorum for the adjourned meeting shall be one Shareholder entitled to be counted in a quorum present at the meeting. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.

The procedure in which notices or documents may be served on Shareholders is set out under 'General Information'.

### **Voting Rights**

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

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue



at a date to be determined by the ACD and stated in the notice of the meeting which is a reasonable time before the notice of meeting was sent out.

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

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

Where a resolution (including an extraordinary resolution) is required to conduct business at a meeting of Shareholders and every Shareholder is prohibited under COLL 4.4.8R(4) from voting, a resolution may, with the prior written agreement of the Depositary to the process, instead be passed with the written consent of the Shareholder representing 50% or more (or for an extraordinary resolution representing 75%) of the Shares in issue.

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

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

"Shareholders" in this context means Shareholders entered on the Register at a time to be determined by the ACD and stated in the notice of the meeting which is a reasonable time before the notices of the relevant meeting are sent out.

### **Variation of Class rights**

The rights attached to a Class or Fund may be varied in accordance with COLL.

### **TAXATION**

**The following summary is based on current UK law and HM Revenue & Customs practice. It summarises the UK tax position of Investment Companies with Variable Capital ("ICVC") and Shareholders who are UK tax resident. However, it should not be regarded as definitive nor as removing the desirability of taking separate professional advice. Investors are advised to consult their professional tax adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.**

### **Taxation of the Funds**

The Company is an umbrella ICVC. Each Fund is treated as a separate Fund and an Authorised Investment Fund for tax purposes.

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

referred to as an Equity Fund.

(A) **Income**

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

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

Dividend income received by each Fund from investments in UK resident and overseas companies should fall within an exemption from corporation tax. Dividend income received from foreign companies may be subject to withholding tax or other taxation in the foreign jurisdiction. The foreign tax suffered by a Fund may normally be deducted from the UK tax due on that income or treated as an expense in calculating the amount of that income subject to corporation tax.

(B) **Chargeable gains**

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

(C) **Stamp Duty Reserve Tax**

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

No SDRT charge arises on the issue or surrender of shares of ICVCs. However, investors may be subject to a 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 relevant Fund.

**Taxation of the Shareholders**

(A) **Income**

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

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

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

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

(B) **Interest distributions**

UK resident individuals

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

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

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

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

UK corporate Shareholders

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

A Fund will fail to satisfy the “qualifying investments” test at any time when more than 60% of its assets by market value comprise government and corporate debt securities 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.

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

(C) **Dividend distributions**

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

UK resident individuals

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

UK corporate Shareholders

UK resident corporate Shareholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the tax certificate. The unfranked portion is 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.

(D) **Chargeable gains**

UK resident individuals

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

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

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 Indexation figure that corporate Shareholders can deduct will cover only the movement in the Retail Price Index from the date of acquisition of the asset up to 31 December 2017.

Stamp Duty Reserve Tax

Generally, there will be no charge to SDRT when Shareholders surrender or redeem their Shares. However, where the redemption is satisfied by a non-pro rata in specie redemption, then a charge to SDRT may apply. Investors should consult their independent professional adviser for more information if they are in any doubt as to whether this affects them.

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

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

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

**(B) UK information reporting regime**

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

**(C) 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 any or all of the Funds to do so. If a Fund is elected into the TEF regime, the UK tax treatment of that Fund and its investors would be different to that set out above.

**(D) International Tax Compliance**

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

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

To be compliant with the International Tax Compliance Regulations the Company must collect information about each Shareholder's tax residence and, in certain circumstances, provide information about Shareholders' Shareholdings to HMRC.

HMRC may in turn share this information with overseas tax authorities. Such tasks may be delegated to the Administrator.

**Shareholders should note that:**

- (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.

**WINDING UP OF THE COMPANY OR TERMINATION OF A FUND**

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. A Fund must not be terminated, except under the COLL Sourcebook, or by being wound up under Part V of the Insolvency Act 1986 (as modified by regulation 33C of the OEIC Regulations) as an unregistered company.

Where the Company is to be wound up, or a Fund is to be terminated under the COLL Sourcebook, such winding up, or termination, 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, or to make alterations to the Company's instrument of incorporation and prospectus that would be required if a Fund was to be terminated, and (b) a statement has been prepared and delivered to the FCA under COLL 7.3.5 R (solvency statement) and received by the FCA prior to satisfaction of the condition (a).

The Company must not be wound up, or a Fund terminated under the COLL Sourcebook, if there is a vacancy in the position of ACD at the relevant time.

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

- (a) if an extraordinary resolution to that effect is passed by Shareholders; or
- (b) if the period (if any) fixed for the duration of the Company or a particular Fund by the Instrument of Incorporation expires, or an event (if any) occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Fund is to be wound up (for example, if the share capital of the Company is below its prescribed minimum or the Net Asset Value of the Fund is less than £10 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Fund); or
- (c) on the date stated in any agreement by the FCA in response to a request from the ACD for the winding up of the Company, or a request to terminate a Fund; or

- (d) on the effective date of a duly approved scheme of arrangement which is to result in the Company, or a Fund, ceasing to hold any scheme property; or
- (e) as the Company is an umbrella company, on the date on which all of the Funds fall within (d) above or have otherwise ceased to hold any Scheme Property, despite the Company may have assets and liabilities that are not attributable to any particular Sub-Fund.

On the occurrence of any of the above:

- (a) the COLL Sourcebook relating to valuation and pricing and dealing and investment and borrowing powers will cease to apply to the Company or the particular Fund;
- (b) the Company will cease to issue and cancel Shares in the Company or the relevant Fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Fund;
- (c) no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
- (d) 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;
- (e) the corporate status and powers of the Company and, subject to (a) and (d) above, the powers of the ACD shall continue until the Company is dissolved.

The ACD shall, as soon as practicable after the Company or a Fund falls to be wound up, realise the assets and meet the liabilities of the Company or the Fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property of the Company or the Fund. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Fund, give written notice of the commencement to the Shareholders. When the ACD has caused all of the Scheme Property to be realised and all of the liabilities of the Company or the particular Fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or Fund.

As soon as reasonably practicable after completion of the winding up of the Company or the particular Fund, the Depositary shall notify the FCA that the winding up has been completed. On completion of a winding up of the Company, the Company will be dissolved and any money (including unclaimed distributions) still standing to the account of the Company will be paid into court within one month of the dissolution.

Following the completion of a winding up of either the Company or a Fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder within two months of the completion of the winding up.

As the Company is an umbrella company, any liabilities attributable or allocated to a particular Fund under the COLL Sourcebook shall be met first out of the property attributable or allocated to that particular Fund. Accordingly the assets of each Fund belong

exclusively to that Fund and shall not be used to discharge directly, or indirectly, the liabilities of, or claims against, any other person or body, including the Company, or any other Fund, and shall not be available for any such purpose. Any liabilities, expenses, costs or charges which are not attributable to one Fund only and allocated in accordance with the FCA Rules, may be reallocated by the Directors, provided that such reallocation shall be done in a manner which is fair to the Shareholders of the Company generally.

## **GENERAL INFORMATION**

### **Accounting Periods**

The annual accounting periods and accounting reference date for each of the Funds are outlined in Appendix 1.

### **Income Allocations**

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

Income allocation dates for the each of the Funds are set out in Appendix 1.

Income receivable in respect of Income Shares is distributed to Shareholders. Holders of Accumulation Shares are not entitled to be paid the income attributable to such Shares but that income is automatically transferred to (and retained as part of) the capital assets of the Fund at the end of the relevant distribution period and is reflected in the price of an Accumulation Share.

Distributions of income will be paid by BACS, cheque or any other means agreed between the ACD and the relevant Shareholder from time to time. Distributions of income will be paid within two months of each income allocation date.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Fund (or, if that no longer exists, to the Company).

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

### **Income equalisation**

The price of a Share of a particular Class in a Fund is based on the value of that Class' entitlement including the income of the relevant Fund since the previous distribution or, in the case of accumulation Shares, deemed distributions. 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 a return of capital and is not taxable as income in the hands of the Shareholder.

Equalisation applies only to Shares purchased during the relevant accounting period. It is calculated as the average amount of income included in the price of all Shares of the Fund concerned issued during the period.

### **Annual Reports**

Annual reports of the Company will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each interim accounting period and are available free of charge to anyone who requests from the ACD. The half yearly reports are prepared long reports.

### **Documents of the Company**

The following documents may be inspected free of charge between 9.30 am and 4.30 pm on every Business Day at the offices of the ACD at the address set out in Appendix 7:

- (a) the most recent annual and half-yearly reports of the Company;
- (b) the Instrument of Incorporation (and any amending instrument of incorporation);
- (c) the most recent version of the Prospectus;
- (d) the most recent version of the Company's key investor information documents;
- (e) the ACD Agreement; and
- (f) the material contracts referred to below.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of documents (apart from in relation to the annual and half yearly long reports of the Company which are available free of charge).

To the extent there is any conflict between this Prospectus and the Instrument of Incorporation, the Instrument of Incorporation will prevail.

### **Risk Management**

The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of the Company's positions and their contribution to the overall risk profile of the Company.

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

- a) a true and fair view of the types of derivatives and forward transactions to be used within the Company together with their underlying risks and any relevant quantitative limits.
- b) the methods for estimating risks in derivative and forward transactions.

The ACD must assess, monitor and periodically review:

- a) the adequacy and effectiveness of the risk management policy and of the arrangements, processes and techniques referred to in COLL 6.12.5 R;
- b) the level of compliance by the ACD with the risk management policy and with those arrangements, processes and techniques referred to in COLL 6.12.5 R; and
- c) the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process.

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

### **Material Contracts**

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

- (a) the ACD Agreement between the Company and the ACD;
- (b) the Investment Management Agreement between the ACD and Brown Advisory Limited; and
- (d) the Depositary Agreement between the Company, the ACD and the Depositary.

Details of the above contracts are given under the heading "Management and Administration".

### **Electronic Verification**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, the Senior Management Arrangements, Systems & Controls Source book and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the ACD must check your identity and the source of the money invested. The ACD may also request verification documents from parties associated with you. In some cases, documentation may be required from officers performing duties on behalf of bodies corporate. The checks may include an electronic search of information held about you (or your associated party) on the electoral roll and using credit reference agencies. The credit reference agency may check the details you (or your associated party) supply against any particulars on any database (public or otherwise) to which they have access and may retain a record of that information although this is only to verify identity and will not affect your (or your associated party's) credit rating. They may also use your (or your associated party's) details in the future to assist other companies for verification purposes. If you apply for Shares you are giving the ACD permission to ask for this information in line with the Data Protection Laws. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the ACD with your application.

### **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 [www.tutman.co.uk](http://www.tutman.co.uk) or on request from [compliance@tutman.co.uk](mailto:compliance@tutman.co.uk).

## **Complaints**

Complaints concerning the operation or marketing of the Company, or any of the Funds, may be referred to the ACD.

If a complaint cannot be resolved satisfactorily with the ACD, it may be referred to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

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

## **Non-Accountability for profits**

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

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

## **Notices served on Shareholders**

Any notice of document to be served on a Shareholder will be duly served if it is:

- a) delivered to the Shareholder's address appearing on the Register; or
- b) delivered by using an electronic medium in accordance with the paragraph "Electronic Communications".

Any notice or document served on a Shareholder by post will be deemed to have been served on the second Business Day following the date on which it was posted.

Any document left at the registered address or delivered other than by post is deemed to have been served on that day.

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 legible form which:

- a) is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;
- b) is capable of being provided in hard copy by the ACD;
- c) enables the recipient to know or record the time of receipt; and

- d) is reasonable in the context.

The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company that is a fundamental change. This is a change or event which:

- a) changes the purpose or nature of the Company;
- b) may materially prejudice a Shareholder;
- c) alters the risk profile of the Company; or
- d) introduces a new type of payment out of the Company property.

### **Remuneration**

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

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

### **Telephone calls**

Telephone calls may be recorded for regulatory, training or monitoring purposes.

Recordings will be provided on request for a period of least five years from the date of such recording or, where requested by a competent authority, for a period of seven years where the ACD can identify the call. If an investor asks the ACD to send a recording of a particular call the ACD may ask for further information to help identify the exact call to which the request relates to.

## APPENDIX 1

### THE FUNDS

The Funds, and their investment objectives and policies, are set out below:

#### **TM Brown Advisory Global Leaders Fund**

Type of sub-fund UK UCITS

Investment Objective The objective of the Fund is to achieve capital appreciation, net of fees over a rolling five-year period.

Investment Policy The Fund will invest primarily in global equities (at least 80%). The equity securities in which the Fund may invest will include the equity securities of companies that the Investment Manager believes are leaders within their industry or country. This typically can be attributable to, among other things, a strong competitive position and a defensible barrier to entry.

The Fund will typically invest 40-50% of its net assets in US companies (defined as companies which are organised under the laws of or have their principal office in the US, have their securities principally traded on trading markets in the US or have significant exposure to the US). The Fund also will invest at least 30% of its assets outside the United States and hold securities of issuers located in at least three countries. The Fund's non-U.S. investments may include equity securities issued by companies that are established or operating in emerging market countries.

There may be times when the Fund invests outside these parameters, for example, during times of market stress (including a market crash/unforeseen event or circumstance).

The equity securities in which the Fund may invest include common stock, preferred stock, American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"). The equity securities in which the Fund may invest will be companies that the Fund's Investment Manager believes have strong, or improving, long-term business characteristics and share prices that do not reflect these favourable fundamental attributes.

The Fund may also invest (directly or indirectly) in other transferable securities, such as bonds, money market instruments, deposits and cash or near cash investments. The Fund may gain exposure to alternative investments (i.e. commodities) via permitted investments (i.e. collective investment vehicles). The Fund may invest in other schemes managed by the ACD, or the Investment Manager or an associate of the ACD or the Investment Manager. No more than 10% of the Scheme Property of the Fund will consist of units or shares in other collective investment schemes.

The Investment Manager considers itself to be a responsible manager by taking environmental, social and governance considerations into account in its investment choices. This is further described in "ESG and Sustainable Investments" below.

**Derivatives may be used for Efficient Portfolio Management, although use is expected to be limited.**

The Investment Manager will actively manage the Fund. This means the Investment Manager actively makes decisions about how to invest the Scheme Property of the Fund (and which investments to buy and sell) instead of simply following a market index.

Performance  
Comparator

The Fund uses the Investment Association Global peer group for performance comparison purposes only and the benchmark is not a target benchmark and the Fund is not constrained by it. The peer group has been selected as a comparator for

performance because the parameters for this peer group of at least 80% in global equities are most closely aligned to the way in which the Scheme is managed and it is therefore an appropriate comparator for the Fund's performance. The peer group is not used by the Fund as a reference benchmark to assist in the promotion of environmental or social characteristics and is solely used to compare performance of the Fund.

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

Investor Profile

The Fund is categorised as a non-complex UCITS fund vehicle. The Fund is suitable for any investor (institutional and retail) seeking to achieve capital appreciation over the long term (i.e., greater than five (5) years) by taking exposure to a diversified portfolio consisting primarily of global equity securities and who expect environmental, social, and governance (ESG) principles to be considered in the selection of these securities. The Fund's ESG factors may be more or less restrictive than an investor might otherwise prefer and could also result in performance that is better or worse than the performance of a similar fund. As the Fund invests primarily in equities, investors should consider an investment in the Fund as medium to high risk.

Charges taken from income/capital

Charges will be taken from income (except those charges and expenses relating directly to the purchase and sale of investments).

**It should be noted that, where fees are charged to capital, this policy may result in capital erosion or constrain capital growth.**

Base currency

GBP

Final accounting date

31 October

Interim accounting date

30 April

Income distribution date

28 February

Please refer to the "Fees and Expenses" section above for information on all other fees and expenses applicable to the Fund.

### Income Shares

| Name of Share(s)                | Class B GBP Income | Class B USD Income         | Class I GBP Income      | Class I USD Income               | Class M GBP Income  | Class M USD Income  |
|---------------------------------|--------------------|----------------------------|-------------------------|----------------------------------|---|---|
| Intended for:                   | Retail investors   | Retail investors           | Institutional investors | Institutional investors          | Investors at the discretion of the ACD and Investment Manager | Investors at the discretion of the ACD and Investment Manager |
| Preliminary Charge              | 0.00%              | 0.00%                      | 0.00%                   | 0.00%                            | 0.00%   | 0.00%   |
| Investment Manager Charge       | 0.75%              | 0.75%                      | 0.60%                   | 0.60%                            | 0.50%   | 0.50%   |
| ACD Periodic Charge             | 0.04%              | 0.04%                      | 0.04%                   | 0.04%                            | 0.04%   | 0.04%   |
| Available from:                 | Not yet available  | Not yet available          | 14 April 2022           | Not yet available                | 14 April 2022   | Not yet available   |
| Minimum Investment <sup>1</sup> | £5,000             | £5,000 (or USD equivalent) | £100,000,000            | £100,000,000 (or USD equivalent) | £10,000,000   | £10,000,000 (or USD equivalent)                               |
| Minimum Holding                 | £0                 | £0                         | £0                      | £0                               | £0  | £0  |
| Minimum further investment      | £5,000             | £5,000                     | £0                      | £0                               | £2,500,000  | £2,500,000  |
| Fund launch date                | Not yet available  | Not yet available          | 14 April 2022           | Not yet available                | 14 April 2022   | Not yet available   |

<sup>1</sup> The ACD may waive the minimum investment levels at its discretion.

### Accumulation Shares

| Name of Share(s)                | Class B GBP Accumulation | Class B USD Accumulation   | Class I GBP Accumulation | Class I USD Accumulation | Class M GBP Accumulation                                      | Class M USD Accumulation                                      |
|---------------------------------|--------------------------|----------------------------|--------------------------|--------------------------|---|---|
| Intended for:                   | Retail investors         | Retail investors           | Institutional investors  | Institutional investors  | Investors at the discretion of the ACD and Investment Manager | Investors at the discretion of the ACD and Investment Manager |
| Preliminary Charge              | 0.00%                    | 0.00%                      | 0.00%                    | 0.00%                    | 0.00%   | 0.00%   |
| Investment Manager Charge       | 0.75%                    | 0.75%                      | 0.60%                    | 0.60%                    | 0.50%   | 0.50%   |
| ACD Periodic Charge             | 0.04%                    | 0.04%                      | 0.04%                    | 0.04%                    | 0.04%   | 0.04%   |
| Available from:                 | Not yet available        | Not yet available          | 14 April 2022            | Not yet available        | Not yet available   | Not yet available   |
| Minimum Investment <sup>1</sup> | £5,000                   | £5,000                     | £100,000,000             | £100,000,000             | £10,000,000   | £10,000,000   |
| Minimum Holding                 | £0                       | £0                         | £0                       | £0                       | £0  | £0  |
| Minimum further investment      | £5,000                   | £5,000 (or USD equivalent) | £0                       | £0                       | £2,500,000  | £2,500,000 (or USD equivalent)                                |
| Fund launch date                | Not yet available        | Not yet available          | 14 April 2022            | Not yet available        | Not yet available   | Not yet available   |

<sup>1</sup> The ACD may waive the minimum investment levels at its discretion.

## **ESG and Sustainable Investments**

The Investment Manager considers environmental, social and governance (ESG) characteristics in its investment choices by incorporating ESG factors in its fundamental company research and conducting ESG assessments for every holding in the Fund. The assessment of potential ESG risks and opportunities is guided by a proprietary ESG framework that was developed internally by the Investment Manager. Building on this framework, the Investment Manager has developed a qualitative ESG ratings system that is aligned with its views on the ESG factors that affect company performance.

Environmental areas of focus that the Investment Manager looks to in its assessments may include one or any combination of the following: climate change, natural resources stewardship, pollution and waste management. Social considerations may include one or any combination of the following: human capital management and labour practices, customer well-being, supply chain management and community relations. From a governance perspective, the focus is on board and committee composition and structure, shareholder rights, management incentives and business ethics.

The Investment Manager seeks to avoid companies that it believes do not align to their ESG principles. This includes companies that derive a significant portion of their revenues from activities that the Investment Manager deems to be in conflict with their ESG principles. Companies that are subject to sanctions are excluded. In determining whether or not to invest based upon these principles, the Investment Manager may consider screening tools from vendors that it deems to be reliable. These third-party ESG data are utilised to complement the Investment Manager's internal ESG assessments and ratings as an additional reference measure for the Investment Manager's investment choices.

In line with the Investment Manager's ESG integration policies as set out above, the Investment Manager seeks to invest in companies that use sustainability in a positive way to compound a competitive advantage, including by investing in companies that it believes have robust sustainability profiles, and/or those that are actively building or evolving their business toward sustainable products and practices.



## APPENDIX 2

### ELIGIBLE MARKETS

A market is an "Eligible Market" if it is:

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

The eligible markets on which the investments of the Funds may be dealt in or traded on will be those established in the UK or an EEA state on which transferable securities and money market instruments are admitted to official listing in the UK or EEA States, and which are regulated, operate regularly and are open to the public: UK, Finland, France, Germany, Ireland, Italy, Netherlands, Austria, Belgium, Denmark, Greece, Luxembourg, Portugal, Spain, Norway, Sweden.

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

#### ELIGIBLE SECURITIES MARKETS ADOPTED

|             |   |
|-------------|---|
| Brazil      | Brasil Bolsa Balcão S.A.  |
| Canada      | TSX Venture Exchange<br>Toronto SE                                      |
| Hong Kong   | Hong Kong Stock Exchange<br>Hong Kong Stock Connect                     |
| India       | Bombay Stock Exchange<br>National Stock Exchange                        |
| Indonesia   | Indonesia Stock Exchange  |
| Japan       | Stock exchanges of Nagoya, Osaka and Tokyo (JASDAQ Securities Exchange) |
| Switzerland | SIX Swiss Exchange AG   |
| Taiwan      | Taiwan Stock Exchange   |

- United States
- a) NASDAQ (the electronic inter-dealer quotation system of America operated by the National Association of Securities Dealers Inc);
  - b) any exchange registered with the Securities and Exchange Commission as a national stock exchange, including NYSE Euronext, and the stock exchanges of Chicago, NYSE Arca Equities, NASDAQ OMX PHLX, NASDAQ OMX BX and NYSE American LLC.
  - c) 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;
  - d) the Over-the-Counter Market regulated by the National Association of Securities Dealers Inc.

### **ELIGIBLE DERIVATIVES MARKETS ADOPTED**

A market is an "Eligible Market" if it is:

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

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

Canada – Montreal Stock Exchange

United Kingdom - Euronext, LIFFE and OMLX

United States - NYSE Alternext, NYSE Euronext, NASDAQ OMX PHLX, NYSE American, Chicago Board Options Exchange (CBOE), Chicago Board of Trade (CBOT), Chicago Mercantile Exchange (CME), ICE Futures US, NASDAQ (International Securities Exchange), Minneapolis Grain Exchange

## APPENDIX 3

### INVESTMENT MANAGEMENT AND BORROWING POWERS OF THE COMPANY

#### 1 Investment restrictions

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

#### 2 Prudent spread of risk

The ACD must ensure that, taking account of the investment objectives and policy of the Funds, the property of the Funds aims to provide a prudent spread of risk.

#### 3 Treatment of obligations

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

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

3.2.1 it must be assumed that in applying any of those rules, each Fund must also simultaneously satisfy any other obligation relating to cover; and

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

#### 4 UK UCITS: permitted types of scheme property

4.1 The scheme property of a Fund must, subject to its investment objective and policy and except where otherwise provided by COLL 5, consist solely of any or all of:

4.1.1 transferable securities;

4.1.2 approved money-market instruments;

4.1.3 units in collective investment schemes;

4.1.4 derivatives and forward transactions;

4.1.5 deposits; and

4.1.6 movable and immovable property that is necessary for the direct pursuit of the Company's business;

in accordance with the rules in COLL 5.2.

4.2 The requirements on spread do not apply until the expiry of a period of six months after the date of effect of the authorisation order in respect of the Funds (or on

which the initial offer commenced if later) provided that the requirement to maintain prudent spread of risk is complied with.

- 4.3 It is not intended that the Funds will have an interest in any immovable property or tangible movable property.

## **5 Transferable Securities**

- 5.1 A transferable security is an investment which is any of the following:
- 5.1.1 a share;
  - 5.1.2 a debenture;
  - 5.1.3 an alternative debenture;
  - 5.1.4 a government and public security;
  - 5.1.5 a warrant; or
  - 5.1.6 a certificate representing certain securities (as such terms are defined in the FCA Glossary).
- 5.2 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.
- 5.3 In applying paragraph 5.2 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.
- 5.4 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.

## **6 Investment in transferable securities**

- 6.1 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
- 6.1.1 the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 6.1.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem units at the request of any qualifying Shareholder (see COLL 6.2.16R(3));
  - 6.1.3 reliable valuation is available for it as follows:
    - 6.1.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - 6.1.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the

issuer of the transferable security or from competent investment research;

6.1.4 appropriate information is available for it as follows:

6.1.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

6.1.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

6.1.5 it is negotiable; and

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

6.2 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:

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

6.2.2 to be negotiable.

6.3 Not more than 5% in value of a Fund is to consist of warrants.

## **7 Closed end funds constituting transferable securities**

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

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

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

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

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

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

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

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

- 8.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Fund provided the investment:
- 8.1.1 fulfils the criteria for transferable securities set out in paragraph 6 (investment in transferable securities) above; and
  - 8.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Fund can invest.
- 8.2 Where an investment in paragraph 8.1 contains an embedded derivative component (see COLL 5.2.19R(3A)), the requirements of COLL 5 with respect to derivatives and forwards will apply to that component.

## **9 Approved Money Market Instruments**

- 9.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money market, is liquid and has a value which can be accurately determined at any time.
- 9.2 A money-market instrument shall be regarded as normally dealt in on the money market if it:
- 9.2.1 has a maturity at issuance of up to and including 397 days;
  - 9.2.2 has a residual maturity of up to and including 397 days;
  - 9.2.3 undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - 9.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 9.2.1 or 9.2.2 or is subject to yield adjustments as set out in 9.2.3.
- 9.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem units at the request of any qualifying Shareholder (see COLL 6.2.16R(3)).
- 9.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:
- 9.4.1 enabling the ACD to calculate a Net Asset Value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
  - 9.4.2 based either on market data or on valuation models including systems based on amortised costs.
- 9.5 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

## **10 Transferable securities and money market instruments generally to be admitted or dealt in on an Eligible Market**

- 10.1 Transferable securities and approved money market instruments held within a Fund must be:
- 10.1.1 admitted to or dealt on an eligible market (as described in paragraph 11.1); or
  - 10.1.2 dealt on an eligible market as described (in paragraph 11.1.2).
  - 10.1.3 for an approved money market instrument not admitted to or dealt in on an eligible market, within 12.1; or
  - 10.1.4 recently issued transferable securities provided that:
    - 10.1.4.1 the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
    - 10.1.4.2 such admission is secured within a year of issue.
- 10.2. However, a Fund may invest no more than 10% of the scheme property in transferable securities and approved money-market instruments other than those referred to in 10.1

## **11 Eligible markets regime: requirements**

- 11.1 A market is eligible for the purposes of the rules in the COLL Sourcebook if it is:
- 11.1.1 a regulated market (as defined in the FCA Glossary);
  - 11.1.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public; or
  - 11.1.3 any market within paragraph 11.2
- 11.2 A market not falling within paragraph 11.1 is eligible for the purposes of COLL 5 if:
- 11.2.1 the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - 11.2.2 the market is included in a list in the Prospectus; and
  - 11.2.3 the Depositary has taken reasonable care to determine that:
    - 11.2.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
    - 11.2.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 11.3 In paragraph 11.2.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self regulatory organisation by an overseas regulator, is open to the public and is

adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

11.4 The eligible markets in which the Funds may invest are set out in Appendix 2.

## **12 Money-market instruments with a regulated issuer**

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

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

12.1.2 the instrument is issued or guaranteed in accordance with paragraph 13 (issuers and guarantors of money market instruments).

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

12.2.1 the instrument is an approved money-market instrument;

12.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 14 (appropriate information for money market instruments); and

12.2.3 the instrument is freely transferable.

## **13 Issuers and guarantors of money-market instruments**

13.1 A Fund may invest in an approved money-market instrument if it is:

13.1.1 issued or guaranteed by any one of the following:

13.1.1.1 a central authority of the UK or an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

13.1.1.2 a regional or local authority of the UK or an EEA State;

13.1.1.3 the Bank of England, the European Central Bank or a central bank of an EEA State;

13.1.1.4 the European Union or the European Investment Bank;

13.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;

13.1.1.6 a public international body to which one or more EEA States belong; or

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



- 13.1.3 issued or guaranteed by an establishment which is:
  - 13.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or European Union Law; or
  - 13.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or European Union Law.
- 13.2 An establishment shall be considered to satisfy the requirement in 13.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
  - 13.2.1 it is located in the European Economic Area;
  - 13.2.2 it is located in an OECD country belonging to the Group of Ten;
  - 13.2.3 it has at least investment grade rating;
  - 13.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or European Union Law.

#### **14 Appropriate information for money-market instruments**

- 14.1 In the case of an approved money-market instrument within paragraph 13.1.2 or issued by a body of the type referred to in COLL 5.2.10E(G); or which is issued by an authority within paragraph 13.1.1.2 or a public international body within paragraph 13.1.1.6 but is not guaranteed by a central authority within paragraph 13.1.1.1, the following information must be available:
  - 14.1.1 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;
  - 14.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 14.1.3 available and reliable statistics on the issue or the issuance programme.
- 14.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within paragraph 13.1.3, the following information must be available:
  - 14.2.1 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;
  - 14.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 14.2.3 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.
- 14.3 In the case of an approved money-market instrument:

- 14.3.1 within paragraph 13.1.1.1, paragraph 13.1.1.4 or paragraph 13.1.1.5; or
- 14.3.2 which is issued by an authority within paragraph 13.1.1.2 or a public international body within 13.1.1.6 and is guaranteed by a central authority within paragraph 13.1.1.1;

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

## **15 Spread: general**

- 15.1 This paragraph 15 on spread does not apply in respect of transferable securities or an approved money-market instrument to which paragraph 16 applies.
- 15.2 The specific limits are set out as follows:
- 15.3 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with s.399 of the Companies Act 2006, Directive 2013/34/EU or in the same group in accordance with international accounting standards are regarded as a single body.
- 15.4 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
- 15.5 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money market instruments issued by any single body.
- 15.6 The limit of 5% in paragraph 15.5 is raised to 10% in respect of up to 40% in value of the Scheme Property. Covered bonds need not to be taken into account for the purpose of applying the limit of 40%.
- 15.7 The limit of 5% in 15.5 is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that when a Fund invests more than 5% in covered bonds issued by a single body the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 15.8 In applying paragraphs 15.5 and 15.6 certificates representing certain securities are to be treated as equivalent to the underlying security.
- 15.9 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 15.10 Not more than 20% in value of the Scheme Property is to consist of transferable securities and approved money market instruments issued by the same group (as referred to in paragraph 15.3).
- 15.11 Not more than 20% in value of a Fund is to consist of the units of any one collective investment scheme.
- 15.12 In applying the limits in paragraphs 15.4, 15.5, 15.6, 15.8 and 15.9 and subject to paragraph 15.7, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
  - 15.12.1 transferable securities (including covered bonds) or approved money market instruments issued by a single body; or

- 15.12.2 deposits made with a single body; or
- 15.12.3 exposures from OTC derivatives transactions made with a single body.
- 15.13 The ACD must ensure that counterparty risk arising from an OTC derivative transaction is subject to the limits set out in paragraphs 15.8 and 15.12 above.
- 15.14 When calculating the exposure of the Company to a counterparty in accordance with the limits set out in paragraph 15.8, the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 15.15 The ACD may net the OTC derivative positions of the Company with the same counterparty provided:
- a) it is able legally to enforce netting arrangements with the counterparty on behalf of the Company; and
  - b) the netting arrangements in paragraph a) above do not apply to any other exposures the Company may have with that same counterparty.
- 15.14 The ACD may reduce the exposure of the scheme property to a counterparty to an OTC derivative transaction through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 15.15 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits set out in paragraph 15.8 when it passes collateral to the counterparty to an OTC derivative transaction on behalf of the Company.
- 15.16 Collateral passed in accordance with paragraph 15.15 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of the Company.
- 15.17 The ACD must calculate the issuer concentration limits referred to in the paragraphs above on the basis of the underlying exposure created through the use of OTC derivatives in accordance with the commitment approach.
- 15.18 In relation to exposures arising from OTC derivative transactions, as referred to in paragraph 15.12, the ACD must include in the calculation any counterparty risk relating to the OTC derivative transactions.

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

- 16.1 The following applies in respect of transferable securities and approved money-market instruments ("such securities") that are issued or guaranteed by:
- a) the UK or an EEA State;
  - b) a local authority of the UK or an EEA State;
  - c) a non-EEA State; or
  - d) a public international body to which the UK or one or more EEA States belong.

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

**16.3 A Fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:**

**16.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objectives of the Fund;**

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

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

**16.3.4 the disclosures required by COLL have been made.**

**16.4 In relation to such securities:**

**16.4.1 issue, issuer and guarantor include guarantee, guaranteed and guarantor; and**

**16.4.2 an issue differs from another if there is a difference as to repayment date, rate of interest, guarantor or other material terms of the issue.**

16.5 Notwithstanding paragraph 16.1 above, and subject to paragraphs 16.3 and 16.4, in applying the 20% limit in 16.4 with respect to a single body, such securities issued by that body shall be taken into account.

**17 Investment in collective investment schemes**

17.1 A Fund may invest in units in a collective investment scheme ("second scheme") provided that no more than 30% of the value of the Scheme Property is invested in second schemes within 17.1.2 to 17.1.5 and only if the second scheme complies with the following requirements:

17.1.1 it is a UK UCITS or satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or

17.1.2 it is a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met); or

17.1.3 it is authorised as a Non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR (1), (3) and (4) are met); or

17.1.4 it is authorised in an EEA State (provided the requirements of COLL 5.2.13AR are met); or

17.1.5 it is authorised by the competent authority of an OECD member country (other than an EEA State) which has:

i. signed the IOSCO Multilateral Memorandum of Understanding; and

- ii. approved the scheme's management company, rules and depositary/custody arrangements;  
  
(provided the requirements of COLL 5.2.13AR are met);
- 17.1.6 it is a scheme which complies, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes); and
- 17.1.7 it is a scheme which has terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes.
- 17.1.8 The requirements of COLL 5.2.13AR are that:
- 17.1.9 the second scheme is an undertaking:
  - (i) with the sole object of collective investment in transferable securities or in other liquid financial assets, as referred to in COLL, of capital raised from the public and which operate on the principle of risk-spreading; and
  - (ii) with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets (action taken by a scheme to ensure that the price of its units on an investment exchange does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption);
- 17.1.10 the second scheme is authorised under laws which provide that they are subject to supervision considered by the FCA to be equivalent to that laid down in the law of the United Kingdom, and that cooperation between the FCA and the supervisory authorities of the second scheme is sufficiently ensured;
- 17.1.11 the level of protection for unitholders in the second scheme is equivalent to that provided for unitholders in a UK UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and approved money market instruments are equivalent to the requirements of COLL; and
- 17.1.12 the business of the second scheme is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.
- 17.2 Up to 100% of the Scheme Property of any Fund may consist of units in collective investment schemes. Investment may be made: (i) in another collective investment scheme managed by the ACD or an associate of the ACD; and/or (ii) in another Fund of the Company; subject to the rules contained in the FCA Handbook. Where a substantial proportion of the Company's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to the Company and to the other collective investment schemes in which it invests should not exceed 2.5% per annum plus VAT if applicable. However, it is expected that the actual annual management fee will not exceed 2%.

- 17.3 Where the second scheme is an umbrella, the provisions in paragraphs 17.1.6 and 17.1.7 above and COLL 5.2.11R (Spread: general) apply to each sub-fund as if it were a separate scheme.
- 17.4 A Fund must not invest in or dispose of units in another collective investment scheme if that collective investment scheme is managed or operated by (or, if it is an open-ended investment company has as its authorised corporate director) the ACD of the Company or an associate of the ACD, unless the prospectus of the investing authorised fund clearly states that the property of that investing fund may include such units; and the following rules are complied with:
- 17.4.1 in accordance with COLL 5.2.15R each of the Funds may include: (a) units in collective investment schemes managed or operated by (or, if it is an open-ended investment company has as its authorised corporate director), the ACD or an Associate of the ACD and (b) units in another Fund of the same umbrella as the Company;
- 17.4.2 the Funds must not invest in or dispose of units in another collective investment scheme, which is managed or operated by (or in the case of an open-ended investment company has as its authorised corporate director), the ACD, or an Associate of the ACD, or units in another Fund of the same umbrella as the Company, (either being referred to in this paragraph 17 as the 'second scheme') unless:
- (a) there is no charge in respect of the investment in or the disposal of units in the second scheme; or
- (b) the ACD is under a duty to pay to the Fund by the close of business on the fourth Business Day next after the agreement to buy or to sell the amount referred to in paragraphs 17.4.2(c) and 17.4.2(d);
- (c) on investment, either:
- (i) any amount by which the consideration paid by the Fund for the units in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units been newly issued or sold by it; or
- (ii) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units in the second scheme;
- (d) on disposal, the amount of any charge made for the account of the authorised fund manager or operator of the second scheme or an Associate of any of them in respect of the disposal.
- 17.5 In paragraphs 17.4.2(a) to 17.4.2(d) above:
- 17.5.1 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, dilution adjustment

or SDRT provision, is to be treated as part of the price of the units and not as part of any charge; and

- 17.5.2 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.

## **18 Investment in nil and partly paid securities**

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

## **19 Derivatives**

- 19.1 **Under the COLL Sourcebook derivatives are permitted for UK UCITS for investment purposes and derivative transactions may be used for the purposes of hedging or meeting the investment objective or both.**

**The Funds do not currently intend to use Scheme Property to invest in derivatives and forward transactions under the COLL Sourcebook, other than for the purposes of efficient portfolio management techniques (see "Efficient Portfolio Management" below) which is not expected to have a detrimental effect on the risk profile of the Funds.**

Any use of derivative instruments would be used in accordance with COLL5.3.11G including the 'Guidelines for competent authorities and UCITS management companies' (ESMA/2012/832EN) report issued by the European Securities and Markets Authority on 18 December 2012.

- 19.2 A transaction in derivatives must have the underlying consisting of any or all of the following to which the scheme is dedicated:
- 19.2.1 transferable securities permitted under paragraph 10 (Transferable securities and money market instruments generally to be admitted or dealt in on an Eligible Market);
  - 19.2.2 approved money market instruments permitted under paragraph 9 (Approved Money Market Instruments) above;
  - 19.2.3 deposits permitted under paragraph 22 (investment in deposits) below;
  - 19.2.4 derivatives permitted under this rule;
  - 19.2.5 collective investment scheme units permitted under paragraph 17 (investment collective investment schemes) above;
  - 19.2.6 financial indices which satisfy the criteria set out at COLL 5.2.20AR (financial indices underlying derivatives);
  - 19.2.7 interest rates;
  - 19.2.8 foreign exchange rates; and

- 19.2.9 currencies.
- 19.3 A transaction in a derivative must:
- 19.3.1 be in an approved derivative; or
  - 19.3.2 be one which complies with COLL 5.2.23R (OTC transactions in derivatives).
- 19.4 A transaction in an approved derivative must be effected on, or under, the rules of an eligible derivatives market.
- 19.5 A transaction in a derivative must not cause a Fund to diverge from its investment objective as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 19.6 A transaction in derivatives must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in COLL 5.2.22R(1), as read in accordance with the guidance at COLL 5.2.22AG, are satisfied.
- 19.7 Any forward transaction must be with an Eligible Institution or Approved Bank.
- 19.8 A derivative includes an investment which fulfils the following criteria:
- 19.8.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 19.8.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
  - 19.8.3 in the case of an OTC derivative, it complies with the requirements in paragraph 20; and
  - 19.8.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 19.9 A Fund may not undertake transactions in derivatives on commodities.
- 19.10 Operational costs and fees arising from EPM techniques and/or the use of derivatives are paid for by a Fund. The identity of the entities to which operational costs and fees are paid will be disclosed in the annual report.

## **20. OTC transactions in derivatives**

- 20.1 Any transaction in an OTC derivative under paragraph 19.3.2 must be:
- 20.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is
    - (a) an Eligible Institution or an Approved Bank; or



- (b) a person whose permission (including any requirements or limitations), as published in the 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 CPP 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.

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

20.1.3 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:

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

20.1.3.2 if the value referred to in 20.1.7.1 is not available, on the basis of a pricing model which the ACD and the Depository have agreed uses an adequate recognised methodology; and

20.1.4 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:

20.1.4.1 an appropriate 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

20.1.4.2 a department within the ACD which is independent from the department in charge of managing the Company and which is adequately equipped for such a purpose.

20.1.5 the jurisdictions that fall within 20.1.1(e) are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.

20.2 For the purposes of paragraph 20.1.2, "fair value" is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

20.3 The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraphs 20.1.1 to 20.1.4.

The following additional provisions apply:

20.4 The ACD must:

20.4.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposure of the Company to OTC derivatives; and

20.4.2 ensure that the fair value of the OTC derivative is subject to adequate, accurate and independent assessment;

20.5 Where the arrangements and procedures referred to in paragraph 20.3 involve the performance of certain activities of third parties, the ACD must comply with the requirements of SYSC 8.1.13R (Additional requirements for a management company) and COLL 6.6AR(4) to (6) (Due diligence requirements for managers of UK UCITS).

20.6 The arrangements and procedures referred to in paragraph 20.4 and 20.5 must be adequate and proportionate to the nature and complexity of the OTC derivative concerned and adequately documented.

## **21 Risk management**

The ACD must use a risk management process as reviewed by the Depositary enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of the Fund.

## **22 Investment in deposits**

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

## **23 Significant influence**

23.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:

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

23.1.2 the acquisition gives the Company that power.

23.2 For the purposes of paragraph 23.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this

purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).

## **24 Concentration**

A UK UCITS:

- 24.1 must not acquire transferable securities (other than debt securities) which:
  - 24.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
  - 24.1.2 represent more than 10% of those securities issued by that body corporate;
- 24.2 must not acquire more than 10% of the debt securities issued by any single body;
- 24.3 must not acquire more than 25% of the units in a collective investment scheme;
- 24.4 must not acquire more than 10% of the approved money market instruments issued by any single body; and
- 24.5 need not comply with the limits in paragraphs 24.2 to 24.4 if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated.

## **25 Schemes replicating an index**

Please note that this investment power is not relevant for any of the existing Funds although it may be applicable to any new Funds of the Company.

- 25.1 Notwithstanding paragraph 15 (spread: general) a Fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.**
- 25.2 Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.**
- 25.3 The 20% limit in 25.1 can be raised for a particular Fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.**
- 25.4 In the case of a fund replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index where deviation from this is expedient for reasons of poor liquidity or excessive cost to the scheme in trading in an underlying investment.
- 25.5 The indices referred to above are those which satisfy the following criteria:
  - 25.5.1 The composition is sufficiently diversified;
  - 25.5.2 The index represents an adequate benchmark for the market to which it refers; and

- 25.5.3 The index is published in an appropriate manner.
- 25.6 The composition of an index is sufficiently diversified if its components adhere to the spread and concentration requirements in this section.
- 25.7 An index represents an adequate benchmark if its provider uses a recognised methodology which generally does not result in the exclusion of a major issuer of the market to which it refers.
- 25.8 An index is published in an appropriate manner if:
- 25.8.1 it is accessible to the public;
  - 25.8.2 the index provider is independent from the index-replicating Fund; this does not preclude index providers and the Fund from forming part of the same group, provided that effective arrangements for the management of conflicts of interest are in place.

## **26 Derivatives exposure**

- 26.1 A Fund may invest in derivatives and forward transactions as long as the exposure to which the Fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.
- 26.2 Cover ensures that a Fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Fund is committed. Paragraph 27 (Cover for transactions in derivatives and forward transactions) sets out detailed requirements for cover of a Fund.
- 26.3 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

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

- 27.1 The Company may invest in derivatives and forward transactions as part of its investment policy provided:
- a) its global exposure relating to derivatives and forward transactions held in the Company does not exceed the net value of the scheme property; and
  - b) its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 15 ("Spread: General") above.
- 27.2 The ACD must calculate the global exposure of the Company on at least a daily basis.
- 27.3 For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate any positions.
- 27.4 The ACD must calculate the global exposure of the Company either as:

- a) the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in COLL 5.2.19(R)(3A)), which may not exceed 100% of the net value of the scheme property of the Company by way of the commitment approach; or
  - b) the market risk of the scheme property of the Company by way of the value at risk approach.
- 27.5 The ACD must ensure that the method selected above is appropriate, taking into account:
  - a) the investment strategy pursued by the Company;
  - b) the types and complexities of the derivatives and forward transactions used; and
  - c) the proportion of the scheme property comprising derivatives and forward transactions.
- 27.6 Where the Company employs techniques and instruments including repo contracts or stock lending transactions in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.
- 27.7 For the purposes of this paragraph, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.
- 27.8 Where the ACD uses the commitment approach for the calculation of global exposure, it must:
  - 27.8.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in COLL5.2.19(R)(3A)), whether used as part of the Company's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management; and
  - 27.8.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 27.9 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- 27.10 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of the Company, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- 27.11 Where the use of derivatives or forward transactions does not generate incremental exposure for the Company, the underlying exposure need not be included in the commitment calculation.
- 27.12 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Company need not form part of the global exposure calculation.

## **28. Cover and borrowing**

- 28.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under the previous paragraph 27 (cover for transactions in derivatives and forward transactions) as long as the normal limits on borrowing (see below) are observed.
- 28.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 30 (General power to borrow) do not apply to that borrowing.

## **29 Cash and near cash**

- 29.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, this may reasonably be regarded as necessary in order to enable:
- 29.1.1 the pursuit of the Fund's investment objectives; or
  - 29.1.2 redemption of Shares; or
  - 29.1.3 efficient management of the Fund in accordance with its investment objectives; or
  - 29.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Fund.
- 29.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

## **30 General power to borrow**

- 30.1 The Fund may, in accordance with this paragraph and paragraph 31, borrow money for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Fund to comply with any restriction in the instrument constituting the Fund.
- 30.2 The Fund may borrow under paragraph 30.1 only from an Eligible Institution or an Approved Bank.
- 30.3 The ACD must ensure that any borrowing is on a temporary basis and that borrowings are not persistent, and for this purpose the ACD must have regard in particular to:
- 30.3.1 the duration of any period of borrowing; and
  - 30.3.2 the number of occasions on which it has resorted to borrowing in any period.
- 30.4 The ACD must ensure that no period of borrowing exceeds three months, without the consent of the Depositary.

- 30.5 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes.
- 30.6 The Fund must not issue any debenture unless it acknowledges or creates a borrowing that complies with paragraph 30.1 to 30.5.

### **31 Borrowing limits**

- 31.1 The ACD must ensure that the Fund’s borrowing does not, on any Business Day, exceed 10% of the value of the Scheme Property of the Fund.
- 31.2 In this paragraph 31, “borrowing” includes, as well as borrowing in a conventional manner, any other arrangement (including a combination of derivatives) designed to achieve a temporary injection of money into the Scheme Property in the expectation that the sum will be repaid.
- 31.3 For each Fund, borrowing does not include any arrangement for the Fund to pay to a third party (including the ACD) any set up costs which the Fund is entitled to amortise and which were paid on behalf of the Fund by the third party.

### **32 Restrictions on lending of money**

- 32.1 None of the money in the Scheme Property of the Fund may be lent and, for the purposes of this prohibition, money is lent by the Fund if it is paid to a person (“the payee”) on the basis that it should be repaid, whether or not by the payee.
- 32.2 Acquiring a debenture is not lending for the purposes of paragraph 32.1; nor is the placing of money on deposit or in a current account.
- 32.3 Paragraph 32.1 does not prevent the Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

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

- 33.1 The Scheme Property of the Fund other than money must not be lent by way of deposit or otherwise.
- 33.2 Transactions permitted by paragraph 37 (stock lending) are not lending for the purposes of paragraph 33.1.
- 33.3 The Scheme Property of the Fund must not be mortgaged.
- 33.4 Paragraph 31.1 does not prevent a Fund from providing an officer of the Fund with funds to meet expenditure to be incurred by him for the purposes of the Fund (or for the purposes of enabling him properly to perform his duties as an officer of the Fund) or from doing anything to enable an officer to avoid incurring such expenditure.

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

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

- 34.2 This section applies, subject to paragraph 34.3, to any agreement or understanding which:
- 34.2.1 is an underwriting or sub-underwriting agreement; or
  - 34.2.2 contemplates that securities will or may be issued or subscribed for or acquired for the account of the Fund.
- 34.3 Paragraph 34.2 does not apply to:
- 34.3.1 an option; or
  - 34.3.2 a purchase of a transferable security which confers a right to:
    - 34.3.2.1 to subscribe for or acquire a transferable security; or
    - 34.3.2.2 to convert one transferable security into another.
  - 34.3.3 The exposure of the Fund to agreements and understandings within paragraph 34.2 must, on any Business Day:
    - 34.3.3.1 be covered in accordance with the requirements of rule 5.3.3R of the COLL Sourcebook; and
    - 34.3.3.2 be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in Chapter 5 of the COLL Sourcebook.

## **35 Guarantees and indemnities**

- 35.1 The Fund or the Depositary for the account of the Fund must not provide any guarantee or indemnity in respect of the obligation of any person.
- 35.2 None of the Scheme Property of the Fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 35.3 Paragraphs 35.1 and 35.2 do not apply in respect of the Fund to:
- 35.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with the FCA Rules;
  - 35.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
  - 35.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
  - 35.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Fund and the holders of units in that scheme become the first Shareholders in the Fund.



## **36 Efficient Portfolio Management of all Funds**

- 36.1 A Fund may use its property to enter into derivative transactions for the purposes of EPM as set out in this paragraph 36. Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives (i.e. options, futures, forward transactions or contracts for differences) dealt in or traded on an eligible market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The eligible markets for the Funds are set out in Appendix 2.
- 36.2 Any forward transactions must be with an approved counterparty (Eligible Institutions, money market institutions etc). A derivatives or forward transaction which would or could lead to delivery of property to the Depositary may be entered into only if such property can be held by the Fund, and the ACD reasonably believes that delivery of the property pursuant to the transaction will not lead to a breach of the COLL Sourcebook.
- 36.3 There is no limit on the amount of the property which may be used for EPM but the transactions must satisfy the three broadly based requirements set out below:
- 36.3.1 A transaction must be reasonably believed by the ACD to be economically appropriate to the efficient portfolio management of the Company. This means that, for transactions undertaken to reduce risk or cost (or both), the transaction alone or in combination will diminish a risk or cost of a kind or level that it is sensible to reduce.

EPM must not include speculative transactions.

- 36.3.2 The purpose of an EPM transaction for the Funds must be to achieve one of the following in respect of a Fund:

Reduction of risk

This allows for the use of the technique of cross-currency hedging in order to switch all or part of the property away from a currency the ACD considers unduly prone to risk, to another currency. This aim also permits the use of tactical asset allocation.

Reduction of cost

The aims of reduction of risk or cost, together or separately, allow the ACD on a temporary basis to use the technique of tactical asset allocation. Tactical asset allocation permits the ACD to undertake a switch in exposure by use of derivatives, rather than through the sale and purchase of the property. If a transaction for a Fund relates to the acquisition or potential acquisition of transferable securities, the ACD must intend that the Fund should invest in transferable securities within a reasonable time and the ACD must thereafter ensure that, unless the position has itself been closed out, that intention is realised within that reasonable time.

The generation of additional capital or income for the Fund (so called "enhancement strategies") with an acceptably low level of risk. There is an acceptably low level of risk in any case where the ACD reasonably believes that the Fund is certain (or certain barring events which are not reasonably foreseeable) to derive a benefit. The generation of additional capital or income may arise out of taking advantage of price imperfections

or from the receipt of a premium for writing covered call or covered put options (even if the benefit is obtained at the expense of the chance of yet greater benefit) or pursuant to stock lending arrangements as permitted by the COLL Sourcebook (see below).

The relevant purpose must relate to property (whether precisely identified or not) which is to be or is proposed to be acquired for the Fund or anticipated cash receipts of the Fund, if due to be received at some time and likely to be received within one month.

## **37 Stock lending**

- 37.1 The entry into stock lending arrangements or repo contracts for the account of a Fund is permitted for the generation of additional income for the benefit of the Fund, and hence for its investors.
- 37.2 The stock lending permitted by this section may be exercised by a Fund when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the Fund with an acceptable degree of risk.
- 37.3 The Company or the Depositary at the request of Company may enter into a repo contract or a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:
  - 37.3.1 all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company are in a form which is acceptable to the Depositary and are in accordance with good market practice;
  - 37.3.2 the counterparty is:
    - 37.3.2.1 an authorised person; or
    - 37.3.2.2 a person authorised by a Home State regulator; or
    - 37.3.2.3 a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or
    - 37.3.2.4 a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; the Board of Governors of the Federal Reserve System; and the Office of Thrift Supervision; and
  - 37.3.3 collateral is obtained to secure the obligation of the counterparty under the terms referred to in 37.3.1 and the collateral is:
    - 37.3.3.1 acceptable to the Depositary;
    - 37.3.3.2 adequate; and
    - 37.3.3.3 sufficiently immediate.

- 37.4 The counterparty for the purpose of paragraph 37.3 is the person who is obliged under the agreement referred to in paragraph 37.3.1 to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.
- 37.5 Paragraph 37.3.3 does not apply to a stock lending transaction made through Euroclear Bank SA/NV's Securities Lending and Borrowing Programme.

**Despite the provisions of the investment policy of the Fund, it is not currently the intention of the Fund to use neither techniques and instruments relating to transferable securities and money market instruments (i.e. non optional repurchase agreements and securities lending transactions) nor total return swaps.**

**Should the Fund intend to use them, the Prospectus will be updated in accordance with section 10 "Efficient portfolio management techniques" of the ESMA Guidelines 2014/937 on ETFs and other UCITS issues and the SFTR.**

### **38. Treatment of collateral**

- 38.1 Collateral is adequate for the purposes of this paragraph only if it is:
- 38.1.1 transferred to the Depositary or its agent;
  - 38.1.2 at least equal in value, at the time of the transfer to the Depositary, to the value of the securities transferred by the Depositary; and
  - 38.1.3 in the form of one or more of:
    - 38.1.4 cash; or
    - 38.1.5 a certificate of deposit; or
    - 38.1.6 a letter of credit; or
    - 38.1.7 a readily realisable security; or
    - 38.1.8 commercial paper with no embedded derivative content; or
    - 38.1.9 a qualifying money market fund.
- 38.2 Where the collateral is invested in units in a qualifying money market fund managed or operated by (or, for an ICVC, whose authorised corporate director is) the ACD or an associate of the ACD, the conditions in paragraph 17.2 must be complied with.
- 38.3 Collateral is sufficiently immediate for the purposes of this paragraph if:
- 38.3.1 it is transferred before or at the time of the transfer of the securities by the Depositary; or
  - 38.3.2 the Depositary takes reasonable care to determine at the time referred to in paragraph 38.3.1 that it will be transferred at the latest by the close of business on the day of the transfer.

- 38.4 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary.
- 38.5 The duty in paragraph 38.4 may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 38.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) under this paragraph may be regarded, for the purposes of valuation and pricing of the Company or this Appendix, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the authorised fund.
- 38.7 Collateral transferred to the Depositary is part of the Scheme Property for the purposes of the rules in the COLL Sourcebook, except in the following respects:
- 38.7.1 it does not fall to be included in any calculation of NAV or this Appendix, because it is offset under paragraph 38.6 by an obligation to transfer; and
- 38.7.2 it does not count as Scheme Property for any purpose of this Appendix other than this paragraph.
- 38.8 Paragraphs 38.6 and 38.7.1 do not apply to any valuation of collateral itself for the purposes of this paragraph.

## **APPENDIX 4**

### PAST PERFORMANCE

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

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

### OTHER REGULATED COLLECTIVE SCHEMES FOR WHICH THE ACD ACTS FOR:

#### **Authorised Investment Companies with Variable Capital**

Abaco Fund ICVC  
Arch House Fund  
Ariel Fund  
Bryth ICVC  
CP Investment Funds  
Destiny Fund ICVC  
Harroway Capital ICVC  
Hawarwata Fund  
Libero Portfolio Fund  
Lime Grove Fund  
Meadowgate Funds  
Scarp Fund  
Skiwi Fund  
The Ambrose Fund  
The Astral Fund  
The Capital Link Growth Fund  
The Contact Fund  
The Diversification Fund ICVC  
The Dunnottar Fund  
The Global Multi Asset Fund  
The Gulland Fund  
The Hector Fund  
The Juniper Fund  
The Lockerley Fund  
The Mazener 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 Vinings Fund  
The Wharton Fund  
Thesis JDS Fund  
TM Acer Fund  
TM Balanced Growth Fund  
TM Brunsdon OEIC  
TM Cerno Investment Funds  
TM Cresswell Fund  
TM CRUX Funds ICVC  
TM CRUX OEIC  
TM First Arrow Investment Funds  
TM Hearthstone ICVC

#### **Authorised Unit Trusts**

BPM Trust  
Eden Investment Fund  
Elfynn International Trust  
Glenhuntley Portfolio Trust  
Hawthorn Portfolio Trust  
KES Diversified Trust  
KES Equity Fund  
KES Growth Fund  
KES Income and Growth Fund  
KES Strategic Investment Fund  
Latour Growth Fund  
Lavaud Fund  
Mossylea Fund  
Pippin Return Fund  
The Castor Fund  
The Darin Fund  
The Delta Growth Fund  
The Deribee Funds  
The Eldon 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  
The TUTMAN B&CE Contracted-out Pension Scheme  
TM Balanced Fund  
TM Chainpoint Fund  
TM Growth Fund  
TM Hearthstone UK Residential Feeder Fund  
TM Managed Fund  
TM Masonic Charitable Foundation Investment Fund  
TM Merlin Fund  
TM New Court Fund  
TM New Court Equity Growth Fund  
TM New Institutional World Fund  
TM Preservation Fund  
TM Private Portfolio Trust  
TM Stonehage Fleming Global Equities Fund

**Authorised Investment Companies with  
Variable Capital**

TM Investment Exposures Fund  
TM Investment Funds  
TM Lime Fund  
TM Neuberger Berman Investment Funds  
TM Oak Fund  
TM Optimal Funds  
TM P1 Investment Funds  
TM Redwheel Funds  
TM Ruffer Portfolio  
TM Stonehage Fleming Global Multi-Asset  
Umbrella Fund  
TM Stonehage Fleming Investments Funds  
TM Tellworth Investments Funds  
TM Total Return Fund  
TM UBS (UK) Fund  
TM Veritas Investment ICVC  
Trowbridge Investment Funds

**Authorised Unit Trusts**

TM Stonehage Fleming Global Equities Fund II  
TM Stonehage Fleming Global Equities  
Umbrella Fund

## APPENDIX 6

### LIST OF DEPOSITARY SUB-CUSTODIANS

As appropriate to the listed Eligible Markets

| Jurisdiction   | Subcustodian  | Sub-custodian Delegate   |
|--|---|--|
| <b>Argentina</b>   | Citibank N.A., Buenos Aires Branch                    | Not applicable   |
| <b>Australia</b>   | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Australia Limited  |
| <b>Austria</b>   | UniCredit Bank Austria AG                             | Not applicable   |
| <b>Bahrain</b>   | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited  |
| <b>Bangladesh</b>  | Standard Chartered Bank                               | Not applicable   |
| <b>Belgium</b>   | The Northern Trust Company                            | Not applicable   |
| <b>Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)</b> | Raiffeisen Bank International AG                      | Raiffeisen Bank Bosnia DD BiH  |
| <b>Bosnia and Herzegovina (Republic of Srpska)</b>               | Raiffeisen Bank International AG                      | Raiffeisen Bank Bosnia DD BiH  |
| <b>Botswana</b>  | Standard Chartered Bank Botswana Limited              | Not applicable   |
| <b>Brazil</b>  | Citibank N.A., Brazilian Branch                       | Citibank Distribuidora de Títulos e Valores Mobiliários S.A ("DTVM") |
| <b>Bulgaria</b>  | Citibank Europe plc, Bulgaria Branch                  | Not applicable   |



|                      |   |                                   |
|----------------------|---|-----------------------------------|
| <b>CD's - USD</b>    | Deutsche Bank AG, London Branch                       | Not applicable                    |
| <b>CD's - USD</b>    | The Northern Trust Company, Canada                    | Not applicable                    |
| <b>Canada</b>        | Royal Bank of Canada                                  | Not applicable                    |
| <b>Chile</b>         | Citibank N.A.   | Banco de Chile                    |
| <b>China A Share</b> | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (China) Company Limited |
| <b>China A Share</b> | Bank of Communications Co., Ltd                       | Not applicable                    |
| <b>China A Share</b> | China Construction Bank Corporation                   | Not applicable                    |
| <b>China A Share</b> | Deutsche Bank (China) Co., Ltd, Shanghai Branch       | Not applicable                    |
| <b>China A Share</b> | Industrial and Commercial Bank of China Limited       | Not applicable                    |
| <b>China A Share</b> | Standard Chartered Bank (China) Limited               | Not applicable                    |
| <b>China B Share</b> | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (China) Company Limited |
| <b>China B Share</b> | Citibank N.A., Hong Kong Branch                       | Not applicable                    |
| <b>Clearstream</b>   | Clearstream Banking S.A.,                             | Not applicable                    |
| <b>Colombia</b>      | Cititrust Columbia S.A. Sociedad Fiduciaria           | Not applicable                    |
| <b>Costa Rica</b>    | Banco Nacional de Costa Rica                          | Not applicable                    |

|   |   |                       |
|---|---|-----------------------|
| <b>Croatia</b>                            | UniCredit Bank Austria AG                             | Zagrebacka Banka d.d. |
| <b>Cyprus</b>                             | Citibank Europe PLC                                   | Not applicable        |
| <b>Czech Republic</b>                     | UniCredit Bank Czech Republic and Slovenia, a.s.      | Not applicable        |
| <b>Denmark</b>                            | Skandinaviska Enskilda Banken AB (publ)               | Not applicable        |
| <b>Egypt</b>                              | Citibank N.A., Cairo Branch                           | Not applicable        |
| <b>Egypt</b>                              | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Egypt SAE   |
| <b>Estonia</b>                            | Swedbank AS   | Not applicable        |
| <b>Finland</b>                            | Skandinaviska Enskilda Banken AB (publ)               | Not applicable        |
| <b>France</b>                             | The Northern Trust Company                            | Not applicable        |
| <b>Germany</b>                            | The Northern Trust Company                            | Not applicable        |
| <b>Ghana</b>                              | Standard Chartered Bank Ghana Limited                 | Not applicable        |
| <b>Greece</b>                             | Citibank Europe PLC                                   | Not applicable        |
| <b>Hong Kong</b>                          | The Hongkong and Shanghai Banking Corporation Limited | Not applicable        |
| <b>Hong Kong (Stock and Bond Connect)</b> | The Hongkong and Shanghai Banking Corporation Limited | Not applicable        |
| <b>Hungary</b>                            | UniCredit Bank Hungary Zrt.                           | Not applicable        |

|                   |   |                               |
|-------------------|---|-------------------------------|
| <b>Iceland</b>    | Landsbankinn hf                                       | Not applicable                |
| <b>India</b>      | Citibank N.A.   | Not applicable                |
| <b>India</b>      | The Hongkong and Shanghai Banking Corporation Limited | Not applicable                |
| <b>Indonesia</b>  | Standard Chartered Bank                               | Not applicable                |
| <b>Ireland</b>    | The Northern Trust Company, London                    | Not applicable                |
| <b>Israel</b>     | Citibank, N.A., Israel Branch                         | Not applicable                |
| <b>Italy</b>      | Citibank Europe plc                                   | Not applicable                |
| <b>Japan</b>      | The Hongkong and Shanghai Banking Corporation Limited | Not applicable                |
| <b>Jordan</b>     | Standard Chartered Bank                               | Not applicable                |
| <b>Kazakhstan</b> | Citibank Kazakhstan JSC                               | Not applicable                |
| <b>Kenya</b>      | Standard Chartered Bank Kenya Limited                 | Not applicable                |
| <b>Kuwait</b>     | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited |
| <b>Latvia</b>     | Swedbank AS   | Not applicable                |
| <b>Lithuania</b>  | AB SEB bankas   | Not applicable                |
| <b>Luxembourg</b> | Euroclear Bank S.A./N.V.                              | Not applicable                |

|                    |   |                           |
|--------------------|---|---------------------------|
| <b>Malaysia</b>    | The Hongkong and Shanghai Banking Corporation Limited                 | HSBC Bank Malaysia Berhad |
| <b>Mauritius</b>   | The Hongkong and Shanghai Banking Corporation Limited                 | Not applicable            |
| <b>Mexico</b>      | Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex | Not applicable            |
| <b>Morocco</b>     | Société Générale Marocaine de Banques                                 | Not applicable            |
| <b>Namibia</b>     | Standard Bank Namibia Ltd   | Not applicable            |
| <b>Netherlands</b> | The Northern Trust Company  | Not applicable            |
| <b>New Zealand</b> | The Hongkong and Shanghai Banking Corporation Limited                 | Not applicable            |
| <b>Nigeria</b>     | Stanbic IBTC Bank Plc   | Not applicable            |
| <b>Norway</b>      | Skandinaviska Enskilda Banken AB (publ)                               | Not applicable            |
| <b>Oman</b>        | The Hongkong and Shanghai Banking Corporation Limited                 | HSBC Bank Oman S.A.O.G    |
| <b>Pakistan</b>    | Citibank N.A., Karachi Branch   | Not applicable            |
| <b>Panama</b>      | Citibank N.A., Panama Branch  | Not applicable            |
| <b>Peru</b>        | Citibank del Peru S.A.  | Not applicable            |
| <b>Philippines</b> | The Hongkong and Shanghai Banking Corporation Limited                 | Not applicable            |
| <b>Poland</b>      | Bank Polska Kasa Opieki Spółka Akcyjna                                | Not applicable            |

|                     |   |                               |
|---------------------|---|-------------------------------|
| <b>Portugal</b>     | BNP Paribas Securities Services                       | Not applicable                |
| <b>Qatar</b>        | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited |
| <b>Romania</b>      | Citibank Europe PLC                                   | Not applicable                |
| <b>Russia</b>       | AO Citibank   | Not applicable                |
| <b>Saudi Arabia</b> | The Northern Trust Company of Saudi Arabia            | Not applicable                |
| <b>Saudi Arabia</b> | The Hongkong and Shanghai Banking Corporation Limited | HSBC Saudi Arabia             |
| <b>Serbia</b>       | UniCredit Bank Austria A.G.                           | UniCredit Bank Serbia JSC     |
| <b>Singapore</b>    | The Hongkong and Shanghai Banking Corporation Limited | Not applicable                |
| <b>Slovakia</b>     | Citibank Europe PLC                                   | Not applicable                |
| <b>Slovenia</b>     | UniCredit Banka Slovenija d.d.                        | Not applicable                |
| <b>South Africa</b> | The Standard Bank of South Africa Limited             | Not applicable                |
| <b>South Korea</b>  | The Hongkong and Shanghai Banking Corporation Limited | Not applicable                |
| <b>Spain</b>        | Citibank Europe plc                                   | Not applicable                |
| <b>Sri Lanka</b>    | Standard Chartered Bank                               | Not applicable                |
| <b>Sweden</b>       | Skandinaviska Enskilda Banken AB (publ)               | Not applicable                |

|                                      |  |   |
|--------------------------------------|--|---|
| <b>Switzerland</b>                   | Credit Suisse (Switzerland) Ltd                                | Not applicable                              |
| <b>Taiwan</b>                        | The Hongkong and Shanghai Banking Corporation Limited          | HSBC Bank (Taiwan) Limited                  |
| <b>Taiwan</b>                        | Citibank Taiwan Limited  | Not applicable                              |
| <b>Taiwan</b>                        | JPMorgan Chase Bank N.A.                                       | Not applicable                              |
| <b>Tanzania</b>                      | Standard Chartered Bank (Mauritius) Limited                    | Standard Chartered Bank Tanzania Limited    |
| <b>Thailand</b>                      | Citibank N.A., Bangkok Branch                                  | Not applicable                              |
| <b>Tunisia</b>                       | Union Internationale de Banques                                | Not applicable                              |
| <b>Turkey</b>                        | Citibank A.S.  | Not applicable                              |
| <b>Uganda</b>                        | Standard Chartered Bank Uganda Limited                         | Not applicable                              |
| <b>Ukraine (Market Suspended)</b>    | JSC "Citibank"   | Not applicable                              |
| <b>United Arab Emirates (ADX)</b>    | The Hongkong and Shanghai Banking Corporation Limited          | HSBC Bank Middle East Limited (DIFC) Branch |
| <b>United Arab Emirates (DFM)</b>    | The Hongkong and Shanghai Banking Corporation Limited          | HSBC Bank Middle East Limited (DIFC) Branch |
| <b>United Arab Emirates (NASDAQ)</b> | The Hongkong and Shanghai Banking Corporation Limited          | HSBC Bank Middle East Limited (DIFC) Branch |
| <b>United Arab Emirates</b>          | First Abu Dhabi Bank PJSC                                      | Not applicable                              |
| <b>United Kingdom</b>                | Euroclear UK and Ireland Limited (Northern Trust self-custody) | Not applicable                              |

|                            |   |  |
|----------------------------|---|--|
| <b>United States</b>       | The Northern Trust Company                            | Not applicable                           |
| <b>Uruguay</b>             | Banco Itau Uruguay S.A.                               | Not applicable                           |
| <b>Vietnam</b>             | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (Vietnam) Ltd                  |
| <b>Vietman</b>             | Citibank N.A., Hanoi Branch                           | Not applicable                           |
| <b>West Africa (UEMOA)</b> | Standard Chartered Bank (Mauritius) Limited           | Standard Chartered Bank Cote d'Ivoire SA |
| <b>Zambia</b>              | Standard Chartered Bank Zambia PLC                    | Not applicable                           |
| <b>Zimbabwe</b>            | Standard Chartered Bank (Mauritius) Limited           | Standard Chartered Bank Zambia Limited   |

## **APPENDIX 7**

### **DIRECTORY**

|   |   |
|---|---|
| <b>The Company and Head Office:</b>           | <b>TM Brown Advisory Funds</b><br>Exchange Building, St John's Street, Chichester,<br>West Sussex PO19 1UP  |
| <b>Authorised Corporate Director:</b>         | <b>Thesis Unit Trust Management Limited</b><br>Exchange Building, St John's Street, Chichester,<br>PO19 1UP |
| <b>Investment Manager:</b>                    | <b>Brown Advisory Limited</b><br>18 Hanover Square<br>London W1S 1JY  |
| <b>Distributor:</b>                           | <b>Brown Advisory Limited</b><br>18 Hanover Square<br>London W1S 1JY  |
| <b>Registrar and Fund Accountant:</b>         | <b>Northern Trust Global Services SE, UK Branch</b><br>50 Bank Street<br>London E14 5NT                     |
| <b>Dealing Office:</b>                        | <b>Thesis Unit Trust Management Limited</b><br>Sunderland SR43 4AZ  |
| <b>Custodian:</b>                             | <b>The Northern Trust Company</b><br>50 Bank Street<br>London E14 5NT                                       |
| <b>Depository:</b>                            | <b>NatWest Trustee and Depository Services Limited</b><br>250 Bishopsgate, London EC2M 4AA                  |
| <b>Auditors:</b>                              | <b>Deloitte LLP</b><br>1 New Street Square, London EC4A 3HQ   |
| <b>The Financial Conduct Authority (FCA):</b> | 12 Endeavour Square,<br>London E20 1JN  |