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PROSPECTUS

of

**TM Optimal Funds**

Consisting of the following Fund:  
The Optimal Fund

An umbrella NURS  
Open-Ended Investment Company

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Valid as at and dated 19 January 2025

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

Thesis Unit Trust Management Limited

Authorised and regulated by the Financial Conduct Authority.

FCA firm reference number: 186882

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## **Important information**

The Company has been established as a Non-UCITS retail scheme. It is not intended that the Company will be marketed outside the UK.

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

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

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.

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

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request from Thesis Unit Trust Management Limited.

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

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

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

1. **DEFINITIONS**

<b>"ACD"</b>	Thesis Unit Trust Management Limited, the authorised corporate director of the Company
<b>"ACD Agreement"</b>	an agreement between the Company and the ACD
<b>"Act"</b>	the Financial Services and Markets Act 2000
<b>"AIF"</b>	an alternative investment fund as defined in the FCA Glossary
<b>"AIFM"</b>	an alternative investment fund manager as defined in the FCA Glossary
<b>"AIFMD"</b>	the Alternative Investment Fund Managers and amending Directive (2011/61/EU)
<b>"AIFMD Level 2 regulation"</b>	as defined in the FCA Glossary
<b>"AIFMD UK regulation"</b>	the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773)
<b>"AML"</b>	anti-money laundering
<b>"Approved Bank"</b>	<p>in relation to a bank account opened for the Company:</p> <ul style="list-style-type: none"><li>(a) if the account is opened at a branch in the UK:<ul style="list-style-type: none"><li>(i) the Bank of England; or</li><li>(ii) the central bank of a member state of the OECD; or</li><li>(iii) a bank; or</li><li>(iv) a building society; or</li><li>(v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li></ul></li><li>(b) if the account is opened elsewhere:<ul style="list-style-type: none"><li>(i) a bank in (a); or</li><li>(ii) a bank which is regulated in the Isle of Man or the Channel Islands; or</li></ul></li><li>(c) a bank supervised by the South African Reserve Bank,</li></ul>

- (d) and a credit institution established in an EEA State and duly authorised by the relevant home state regulator,

as such definition may be updated in the glossary of definitions in the FCA Handbook from time to time

**"Associate"**

any other person whose business or domestic relationship with the ACD or the ACD's associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties

**"Auditor"**

Deloitte LLP, or such other entity as is appointed to act as auditor to the Company from time to time

**"Business Day"**

a weekday being Monday to Friday (excluding any public or bank holiday in England)

**"CASS"**

the requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook, as amended or replaced from time to time

**"CCP"**

as defined in the FCA Glossary

**"Class" or "Classes"**

in relation to Shares, means (according to the context) all of the Shares related to a single Sub-fund or a particular class or classes of Share related to a single Sub-fund

**"COLL"**

refers to the appropriate chapter or rule in the COLL Sourcebook

**"COLL Sourcebook"**

the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time

**"Company"**

TM Optimal Funds

**"Custodian"**

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

**"Data Protection Laws"**

All applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances:

- (a) the UK GDPR;
- (b) the Data Protection Act 2018;
- (c) any laws which implement any such laws;
- (d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing

	(whether or not before or after the date of this Prospectus); and
	(e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws
<b>"Dealing Day"</b>	fortnightly on a Thursday (unless this is not a Business Day, in which case the Sub-fund will deal on the next Business Day) and any such other day as the ACD may decide from time to time and agree with the Depositary
<b>"Depositary"</b>	NatWest Trustee and Depositary Services Limited, or such other entity as is appointed to act as Depositary
<b>"Depositary Agreement"</b>	the agreement between the Company, the ACD and the Depositary regarding the appointment of the Depositary
<b>"Director" or "Directors"</b>	the directors of the Company from time to time (including the ACD)
<b>"EEA"</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>	<p>for the purposes of this prospectus, techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:</p> <p>(a) they are economically appropriate in that they are realised in a cost effective way;</p> <p>(b) they are entered into for one or more of the following specific aims:</p> <p>(i) reduction of risk;</p> <p>(ii) reduction of cost;</p> <p>(iii) generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL. For further information see Appendix III</p>
<b>"Eligible Institution"</b>	as defined in the FCA Glossary
<b>"EMIR"</b>	as defined in the FCA Glossary
<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>"EUWA"</b>	the European Union (Withdrawal) Act 2018
<b>"Exit Day"</b>	the day the EUWA entered into force
<b>"FATCA"</b>	means the Foreign Account funds Compliance Act (US)
<b>"FCA"</b>	the Financial Conduct Authority or any other regulatory body which may assume its regulatory responsibilities from time to time
<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, including COLL and FUND, as amended from time to time
<b>"FCA Rules"</b>	the rules contained in COLL and FUND but, for the avoidance of doubt, not including guidance or evidential requirements contained in either sourcebook
<b>"Financial Instruments"</b>	as defined in the FCA Glossary
<b>"Financial Services Register"</b>	<p>the public record, as required by section 347 of the Financial Services and Markets Act 2000 (The public record) of every:</p> <ul style="list-style-type: none"> <li>(a) authorised person;</li> <li>(b) AUT;</li> <li>(c) ICVC;</li> <li>(d) recognised scheme;</li> <li>(e) recognised investment exchange;</li> <li>(f) recognised clearing house;</li> <li>(g) individual to whom a prohibition order relates;</li> <li>(h) approved person; and</li> <li>(i) person within such other class (if any) as the FCA may determine; except as provided by any transitional provisions</li> </ul>



<b>"FUND"</b>	refers to the appropriate chapter or rule in the FUND Sourcebook
<b>"FUND Sourcebook"</b>	the Investment Funds Sourcebook issued by the FCA as amended from time to time
<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>"Home State"</b>	<ol style="list-style-type: none"> <li>(1) (in relation to a credit institution) the UK or the EEA State in which the credit institution has been authorised in accordance with the Banking Consolidation Directive as amended, including any statutory equivalent which forms part of UK law by virtue of the EUWA</li> <li>(2) (in relation to an investment firm): <ol style="list-style-type: none"> <li>(a) where the investment firm is a natural person, the UK or the EEA State in which their head office is situated;</li> <li>(b) where the investment firm is a legal person, the UK or the EEA State in which its registered office is situated or, if under its national law it has no registered office, the UK or the EEA State in which its head office is situated</li> </ol> </li> <li>(3) (in relation to an insurer with an EEA right) the EEA State in which the registered office of the insurer is situated</li> <li>(4) (in relation to a market) the UK or the EEA State in which the registered office of the body which provides trading facilities is situated or, if under its national law it has no registered office, the UK or the EEA State in which that body's head office is situated</li> <li>(5) (in relation to a Treaty firm, being a firm whose head office is situated in an EEA State and which is recognised under the law of that EEA State as its national) the EEA State in which its head office is situated, in accordance with paragraph 1 of Schedule 4 to the Act (Treaty rights)</li> </ol>
<b>"ICVC"</b>	investment company with variable capital
<b>"Instrument of Incorporation"</b>	the instrument of incorporation of the Company as amended from time to time
<b>"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>	Thesis Asset Management Limited, the investment manager to the ACD in respect of the Company
<b>"Net Asset Value" or "NAV"</b>	the value of the Scheme Property of the Company or of any Sub-fund (as the context may require) less the liabilities of the Company (or of the Sub-fund concerned) as calculated in accordance with the Instrument of incorporation
<b>"Non-UCITS retail scheme"</b>	an authorised fund which is not a UK UCITS, a qualified investor scheme nor a long-term asset fund
<b>"OEIC Regulations"</b>	the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended or re-enacted from time to time
<b>"OTC"</b>	over-the-counter derivative: a derivative transaction which is not traded on an investment exchange
<b>"Register"</b>	the register of Shareholders of the Company
<b>"Registrar"</b>	Northern Trust Global Services SE, UK Branch, or such other entity as is appointed to act as Registrar to the Company from time to time
<b>"Regulations"</b>	the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook)
<b>"Scheme Property"</b>	the property of the Company or a Sub-fund (as appropriate) to be given to the Depositary for safekeeping as required by the FCA Rules
<b>"SDRT"</b>	stamp duty reserve tax
<b>"Share" or "Shares"</b>	a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share)
<b>"Shareholder"</b>	a holder of registered Shares in the Company
<b>"Sub- fund" or "Sub-funds"</b>	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund
<b>"Switch"</b>	the exchange where permissible of Shares of one Class or Sub-fund for Shares of another Class or Sub-fund
<b>"UCITS"</b>	Undertaking for Collective Investment in Transferable Securities. This will include a UCITS Scheme or an

	EEA UCITS scheme, each as defined in the FCA Glossary
<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>"UCITS Scheme"</b>	a UK UCITS
<b>"UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"UK AIF"</b>	as defined in the FCA Glossary
<b>"UK AIFM"</b>	an alternative investment fund manager established in the UK and with a Part 4A permission to carry on the regulated activity of managing an alternative investment fund
<b>"UK AIFM regime"</b>	means: <ul style="list-style-type: none"> <li>(a) the AIFMD UK regulation;</li> <li>(b) the AIFMD Level 2 regulation; and</li> <li>(c) all other UK law and regulation (including FUND) which, when made, implemented AIFMD in the UK</li> </ul>
<b>"UK GDPR"</b>	Regulation (EU) 2016/679 as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as modified by the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019
	as defined in the FCA Glossary
<b>"UK UCITS"</b>	
<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>"US Persons"</b>	a person who is in either of the following two categories:

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

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

**"Valuation Point"**

the point on a Dealing Day whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company or a Sub-fund (as the case may be) for the purpose of determining the price at which Shares of a Class may be issued, cancelled or redeemed. The current Valuation Point is 12 noon London time on each Dealing Day

**"VAT"**

value added tax

**"1933 Act"**

the United States Securities Act of 1933 (as may be amended or re-enacted); and

**"1940 Act"**

the United States Investment Company Act of 1940 (as may be amended or re-enacted).

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

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

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

Unless otherwise defined in the "Definitions" section at paragraph 1 above or elsewhere in this Prospectus, words or expressions defined in, or for the purposes of, the OEIC Regulations, the Act or the FCA Handbook shall bear the same meanings in this Prospectus.

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

## **2. DETAILS OF THE COMPANY**

### **2.1 General information**

#### **2.1.1 General**

TM Optimal Funds is an umbrella investment company with variable capital incorporated in England and Wales. The Company's registered number is IC036539 and the Financial Conduct Authority (FCA)'s product reference number, for the Company, is 941798.

The Company was authorised and regulated by the Financial Conduct Authority with effect from 23 December 2020 and was launched on 7 January 2021. The Company has an unlimited duration.

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to the Company after they have paid the price on purchase of the Shares.

The ACD is also the authorised fund manager of other regulated collective investment schemes. Details of these schemes are set out in Appendix IV.

#### **2.1.2 Head Office and registered office**

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

#### **2.1.3 Address for Service**

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

#### **2.1.4 Base Currency**

The base currency of the Company and each Sub-fund is Pounds Sterling.

#### **2.1.5 Share Capital**

Maximum £100,000,000,000

Minimum £1

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 Sub-funds.

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

#### **2.2.1 The Sub-funds**

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

The Company has been established as a non-UCITS retail scheme and a UK AIF for the purposes of the UK AIFM regime. It is not intended that the Company will be marketed outside the UK.

Details of the Sub-funds, including their investment objectives and policies, are set out in Appendix I. Currently there is just one Sub-fund available, The Optimal Fund.

The Company is a collective investment scheme in which each investor's funds are pooled with all other investors' funds. The ACD takes reasonable steps to ensure that each investment transaction carried out within the Company is suitable for the Company, having regard to the investment objective and policy of the Company.

This Prospectus is intended to provide information about the Company to potential investors. The assets of each Sub-fund will be treated as separate from those of every other Sub-fund.

The assets of each Sub-fund will be treated as separate from those of every other Sub-fund and will be invested in accordance with the investment objective and investment policy applicable to that Sub-fund. Investment of the assets of each of the Sub-funds must comply with the COLL Sourcebook and the investment objective and policy of the relevant Sub-fund.

The eligible securities markets and eligible derivatives markets on which the Sub-funds may invest are set out in Appendix II. A detailed statement of the general investment and borrowing restrictions of each Sub-fund, and any limitation of that investment policy, is set out in Appendix III.

Each Sub-fund has a specific portfolio to which that Sub-fund's assets and liabilities are attributable. So far as the Shareholders are concerned, each Sub-fund is treated as a separate entity. Refer to the paragraph 'Liabilities of the Company' below for further details.

An explanation of the investor profile and historical performance figures for the Company are set out in Appendix V.

The circumstance in which the Company may be wound up is set out in paragraph 10 below.

## **2.2.2 Shares**

### **Classes of Share within the Sub-funds**

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

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

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

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

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund. Accordingly, the assets of each Sub-fund belong exclusively to that Sub-fund and shall not be used to discharge directly, of indirectly, the liabilities of, or claims against, any other person, or body, including the Company, or any other Sub-fund, and shall not be available for that purpose. Any liabilities, expenses, costs or charges which are not attributable to one Sub-fund only, and allocated in accordance with the FCA Rules, may be re-allocated by the ACD provided that such re-allocation shall be done in a manner which is fair to the Shareholders of the Company generally.

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

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

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

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

The Instrument of Incorporation allows income and accumulation Shares to be issued.

Where a Sub-fund has different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-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 Sub-fund for Shares of another Class within the same Sub-fund or for Shares of the same or another Class within a different Sub-fund of the Company. Details of this switching facility and the restrictions are set out in paragraph 3.4 "Switching".

### **3 BUYING, REDEEMING AND SWITCHING SHARES**

The dealing office of the ACD is normally open from 9.00 a.m. to 5.00 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by obtaining an application form by telephoning on each Business Day (at the ACD's discretion) between 9.00 a.m. and 5.00 p.m. (London time) the ACD's Customer Enquiry Line on 0333 300 0375 or such other number as published from time to time or by the means of electronic communications (as set out in paragraph 15.2 headed 'Electronic Communications'). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

In addition, the ACD may from time to time make arrangements to allow Shares to be bought or sold on-line or through other communication media.

The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

In its dealings in Shares of the Sub-funds the ACD is dealing as principal. Investors buy and redeem Shares through the ACD who nets them to reduce the number of Shares issued/cancelled by the Sub-fund. When carrying out deals in Shares, the ACD acts as principal but does not profit from this activity.

Neither the Company, the ACD, the Depositary, the Investment Manager (or any Associates of the same) 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 relevant Sub-funds; or
- (b) any transaction in the Scheme Property; or
- (c) the supply of services to the relevant Sub-funds.

### **3.1 Money Laundering**

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

Refer to the paragraph 15.10 'Electronic verification' for more detail.

Where an applicant is not willing, or is unable, to provide the information requested within a reasonable period in the case of a purchase of Shares, the ACD reserves the right to sell the Shares purchased and return the proceeds to the account from which the subscription was made. These proceeds may be less than the original investment.

### **3.2 Buying Shares**

#### **3.1.1 Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. Any intermediary who recommends an investment in the Company to Shareholders may be entitled to receive commission from the ACD. An ongoing commission, based on the value of Shares held may also be paid to qualifying intermediaries. In addition, the ACD will allow Shares to be bought through other communication media, such as through the means of electronic communications, as set out in paragraph 15.2 headed 'Electronic Communications'. For details of dealing charges see paragraph 3.5 below. Application forms may be obtained from Thesis Unit Trust Management Limited at the dealing office of the Administrator.

Valid applications to purchase Shares in a Sub-fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation



Point following receipt of the application, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.10.

Settlement is due within 4 Business Days of the Valuation Point.

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

The ACD reserves the right to charge interest at 4% above the prevailing Bank of England base rate, on the value of any settlement received later than the 4th Business Day following the Valuation Point. No interest will be paid on funds held prior to investment. Shares that have not been paid for cannot be redeemed.

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights are applied, irrevocable. For postal applications payment in full must accompany the instruction. At the ACD's discretion, payment for large purchases of Shares may be made by telegraphic transfer.

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

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

Applicants who have received advice may have the right to cancel their application to buy Shares at any time during the 14 days after the date on which they receive a cancellation notice from the ACD. If an applicant decides to cancel the contract, and the value of the investment has fallen at the time the ACD receives the completed cancellation notice, they will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested.

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

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

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

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

Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Register. Tax vouchers in respect of periodic distributions on Shares will show the number of Shares held by the recipient.

### **3.2.3 Minimum subscriptions and holdings**

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

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

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

## **3.3 Redeeming Shares**

### **3.3.1 Procedure**

Every Shareholder is entitled on any Dealing Day to redeem its Shares. Investors buy and redeem Shares through the ACD who nets them to reduce the number of Shares issued/cancelled by the Sub-fund. When carrying out deals in Shares, the ACD acts as principal but does not profit from this activity.

Valid instructions to the ACD to redeem Shares in a Sub-fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the instruction, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.10.

A redemption instruction in respect of Shares in writing or by telephone or any other communication media made available is a legally binding contract, such as electronic communications (as set out in paragraph 15.2 headed 'Electronic Communications').

However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if insufficient documentation or AML information has been received by the ACD. Further details of the ACD's money laundering procedures are set out under the paragraph 15.10 headed 'Electronic Verification'.

For details of dealing charges see paragraph 3.5 below.

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

A confirmation giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (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 of redemption proceeds will normally be made by cheque to the first

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

Such payment will be made within four Business Days of the later of (a) receipt by the ACD of the form of renunciation (or other sufficient written instructions) duly signed and completed by all the relevant Shareholders together with any other documentation and appropriate evidence of title, any required AML related documentation, and (b) the Valuation Point following receipt by the ACD of the request to redeem.

### **3.3.3 Minimum redemption**

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

### **3.4 Switching**

Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Sub-fund may at any time Switch all or some of their Shares of one Class or Sub-fund ("the Original Shares") for Shares of another Class or Sub-fund ("the New Shares") in the Company. 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.

Telephone switching instructions may be given but Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before switching is effected.

The ACD may at its discretion make a charge on the switching of Shares between Sub-funds or Classes. Any such charge on switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any preliminary charge on the New Shares, subject to certain waivers. For details of the charges on switching currently payable, please see paragraph 3.5.3 "Charges on Switching".

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

The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges or levies in

respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

**Please note that under UK tax law a Switch of Shares in one Sub-fund for Shares in any other Sub-fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to taxation, be a disposal of the Original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder's circumstances.**

**A Shareholder who Switches Shares in one Sub-fund for Shares in any other Sub-fund (or who Switches between Classes of Shares) will not be given a right by law to withdraw from or cancel the transaction.**

The ACD may also, in its sole discretion, convert some or all of the Original Shares held by any shareholder to New Shares of another Class, provided that the conversion does not materially prejudice any such Shareholder. The ACD will provide the Shareholder with 60 days' prior notice of any such conversion.

### **3.5 Dealing Charges**

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

#### **3.5.1 Preliminary Charge**

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

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

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

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

#### **3.5.2 Redemption Charge**

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

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

#### **3.5.3 Charges on Switching**

On the switching of Shares between Sub-funds or Classes in the Company the

Instrument of Incorporation authorises the Company to impose a charge on switching.

The ACD's current policy is to only levy a charge on switching between Sub-funds that is no more than the excess of the preliminary charge applicable to New Shares over the preliminary charge applicable to the Original Shares. There is currently no charge for switching Shares in one Class of a Sub-fund for Shares in another Class of the same Sub-fund, nor a charge on switching between Sub-funds.

#### 3.5.4 **Dilution Levy**

The actual cost of purchasing, selling or switching underlying investments in a Sub-fund may deviate from the mid-market value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of the Sub-fund's underlying investments. These dealing costs could have an adverse effect on the value of a Sub-fund, known as "dilution". In order to mitigate the effect of dilution the Regulations allow the ACD to make a dilution levy on the purchase, redemption or Switch of Shares in a Sub-fund. A dilution levy is a separate charge of such amount or at such rate as is determined by the ACD to be made for the purpose of reducing the effect of dilution. This amount is not retained by the ACD, but is paid into the relevant Sub-fund.

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

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

The number of days on which a dilution levy has been applied between 1 July 2023 and 30 June 2024 is nil.

The ACD's policy is that it may require a dilution levy on the purchase and redemption of Shares if, in its opinion, the existing Shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where the Scheme Property of a Sub-fund is in continual decline; on a Sub-fund experiencing large levels of net purchases relative to its size; on "large deals" (typically being a purchase or redemption of Shares to a size exceeding 5% of the Net Asset Value of the relevant Sub-fund; in any case where the ACD is of the opinion that the interests of existing or remaining Shareholders require the imposition of a dilution levy.

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

If a dilution levy is required then, based on future projections, the estimated rate of such a levy would be up to 0.25%.

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

The table below shows historic information on dilution levies to the Share price:

Name	Estimated Dilution Levy applicable for purchases as at 30 September 2025	Estimated Dilution Levy applicable for sales as at 30 September 2025	Number of days on which a Dilution Levy has been applied over the period 1 October 2024 to 30 September 2025
<b>The Optimal Fund</b>	0.084%	0.119%	0

### 3.6 Transfers

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

### 3.7 Restrictions and Compulsory Transfer and Redemption

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

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

- 3.7.1 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
- 3.7.2 would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself (including withholding tax of any nature) 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
  - 3.7.2.1 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;
  - 3.7.2.2 are owned by a Shareholder who is registered in a jurisdiction (where the Company is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Company, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach);

the ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served

does not within 30 days after the date of such notice transfer their 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 they or the beneficial owner is qualified and entitled to own the affected Shares, they shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

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

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

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

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

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

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

### **3.9 In specie redemptions**

If a Shareholder requests the redemption of Shares the ACD may, where it considers that deal to be substantial in relation to the total size of a Sub-fund or in some way detrimental to a Sub-fund, arrange for Scheme Property having the appropriate value to be transferred to the Shareholder (an 'in specie transfer'), in place of payment for the Shares in cash. Before the redemption is effected, the ACD must give written notice to the Shareholder of the intention to make an in specie transfer.

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

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

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

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

The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the Company is offered for sale.

The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a clear, fair and not misleading way and giving Shareholders details of how to find further information about the suspensions.

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

During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension.

Suspension will cease as soon as practicable after the exceptional circumstances leading to the suspension have ceased but the ACD and the Depositary will formally review the suspension at least every 28 days and will inform the FCA of the review and any change to the information given to Shareholders.

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

In addition, the FCA Rules may require the ACD to temporarily suspend the issue, cancellation, sale and redemption of Shares in certain circumstances (for example, where a Sub-fund is invested in other authorised funds which are themselves suspended).

### **3.11 Governing law**

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

### **3.12 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 shares in a regulated collective investment scheme such as the Company, provided that:

- 3.12.1 The ACD receives the money from a client in relation to the ACD's obligation to issue Shares in the Sub-fund in accordance with COLL; or
- 3.12.2 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 3.12.1 or 3.12.2 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 Company's capital property.

## **4 VALUATION OF THE COMPANY**

### **4.1 General**

The price of a Share is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. The Net Asset Value per Share of a Sub-fund is currently calculated at 12 noon (London time) (this being the Valuation Point) on each Dealing Day.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of arrangement 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 Sub-fund and the amount of any dilution levy applicable in respect of any purchase or redemption of Shares.

A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day.

A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

## 4.2 Calculation of the Net Asset Value

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

- 4.2.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.
- 4.2.2 Scheme Property which is not cash (or other assets dealt with in paragraph 4.2.3 and 4.2.4 below) shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:
  - 4.2.2.1 Units or shares in a collective investment scheme:
    - 4.2.2.1.1 if a single price for buying and selling units or shares is quoted, at that price; or
    - 4.2.2.1.2 if separate buying and selling 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 selling price has been increased by any exit or redemption charge attributable thereto; or
    - 4.2.2.1.3 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;
  - 4.2.2.2 Any other investment:
    - 4.2.2.2.1 if a single price for buying and selling the security is quoted, at that price; or
    - 4.2.2.2.2 if separate buying and selling prices are quoted, at the average of the two prices; or
    - 4.2.2.2.3 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;
  - 4.2.2.3 Scheme Property other than that described in paragraphs 4.2.2.1 and 4.2.2.2 above, at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price;
- 4.2.3 Cash and amounts held in current, deposit and margin accounts and in other time related deposits shall be valued at their nominal values.
- 4.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed unless the contrary is shown to have been carried out and any cash payment made or received and all consequential action required

by the Regulations or the Instrument of Incorporation shall be assumed (unless the contrary has been shown) to have been taken.

- 4.2.5 Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.6 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.5.
- 4.2.7 All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.
- 4.2.8 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty and SDRT.
- 4.2.9 Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 4.2.10 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.12 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.13 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any SDRT provision anticipated to be received.
- 4.2.14 Currencies or values in currencies other than the base currency or (as the case may be) the designated currency of a Sub-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.

#### **4.3 Price per Share in each Sub-fund and each Class**

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

Each allocation of income made in respect of any Sub-fund at a time when more than one Class is in issue in respect of that Sub-fund shall be done by reference to the relevant Shareholder's proportionate interest in the income property of the

Sub-fund in question calculated in accordance with the Instrument of Incorporation.

#### **4.4 Fair value pricing**

##### **4.4.1** Where the ACD has reasonable grounds to believe that:

- 4.4.1.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or
- 4.4.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point; then
- 4.4.1.3 it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).

##### **4.4.2** The circumstances which may give rise to a fair value price being used include:

- 4.4.2.1 no recent trade in the security concerned; or
- 4.4.2.2 suspension of dealings in the security concerned; or
- 4.4.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.

##### **4.4.3** In determining whether to use such a fair value price, the ACD will include in their consideration but need not be limited to:

- 4.4.3.1 the type of authorised fund concerned;
- 4.4.3.2 the securities involved;
- 4.4.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;
- 4.4.3.4 the basis and reliability of the alternative price used; and
- 4.4.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

#### **4.5 Pricing basis**

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

Shares in the Company are single priced. There will only be a single price for any Share as determined from time to time by reference to a particular valuation point.

Prices of Shares in the Sub-funds are expressed in Pounds Sterling.

#### **4.6 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

during the ACD's normal business hours.

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 on request.

## **5 RISK FACTORS**

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

### **5.1 General**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in the value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount they invest in the Company. There is no certainty that the investment objective of the Sub-funds will actually be achieved and no warranty or representation is given to this effect. The level of any yield for a Sub-fund may be subject to fluctuations and is not guaranteed.

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

### **5.2 Effect of Preliminary charge or Redemption Charge**

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

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

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

### **5.3 Dilution**

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

### **5.4 Charges to Capital**

Where there is not enough income available to pay fees and expenses, all or part of the such fees may instead be charged against capital instead of against income. The treatment of the ACD's fee may increase the amount of income (which may be taxable) available for distribution to Shareholders but may constrain capital growth.

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

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

## **5.6 Liabilities of the Company**

As the Company is an umbrella company, each Sub-fund has a specific segregated portfolio of assets to which any liabilities attributable, or allocated, to a particular Sub-fund shall be met first out of the property attributable, or allocated to, that particular Sub-fund. Accordingly, the assets of each Sub-fund belong exclusively to that Sub-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 Sub-fund, and shall not be available for any such purpose.

Subject to the above, each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund and allocated in accordance with the FCA Rules may be re-allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds. In the event that any assets are so reallocated, the ACD will advise Shareholders in the next succeeding annual or half yearly report to Shareholders.

While provisions of the OEIC Regulations provide for segregated liabilities between Sub-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 Regulations 11A and 11B of the OEIC Regulations.

## **5.7 Currency Exchange Rates**

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

## **5.8 Derivatives**

The Investment Manager may employ derivatives for the purposes of hedging with the aim of reducing the risk profile of the Sub-funds, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM").

To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to the Sub-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.

For more information in relation to investment in derivatives please see paragraph 9 in Appendix III.

## **5.9 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 interest, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds. A sub-investment grade bond has a Standard & Poor's credit rating of below BBB or equivalent.

#### **5.10 Custody**

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

#### **5.11 Taxation**

Tax laws currently in place may change in the future which could affect the value of your investments. See the section headed 'Taxation' for further details about taxation of the Sub-fund(s).

#### **5.12 Inflation and Interest Rates**

The real value of any returns that an investor may receive from a Sub-fund could be affected by interest rates and inflation over time.

#### **5.13 Counterparty and Settlement**

Each Sub-fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

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

The Company on behalf of a Sub-fund may enter into transactions in over-the-counter markets, which will expose the relevant Sub-fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. For example, the Company on behalf of the Sub-fund may enter into agreements or use other derivative techniques, each of which expose the relevant Sub-fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, the Sub-fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the Company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights. There is also a possibility that the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality

or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, investors may be unable to cover any losses incurred.

#### **5.15 Liquidity risk**

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

#### **5.16 Market risk**

Each Sub-fund will be diversified, however, the underlying investments of a Sub-fund are subject to normal market fluctuations and to the risks inherent in investment in equities and equity related securities.

#### **5.17 Geographical/Sector:**

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

#### **5.18 Emerging Markets**

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

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

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

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

Currency Fluctuations – Significant changes in the currencies of the countries in which investments are made in respect of the currency of denomination of the 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.

Custody in emerging markets - As the Sub-funds may invest in markets, such as emerging markets, where custodial and/or settlement systems are not fully developed, the assets of the Sub-funds which are traded in such markets and which have been entrusted to sub-custodians in circumstances where the use of sub-custodians is necessary may be exposed to risk in circumstances where the Depositary will have no liability.

Settlement and custody risks in emerging markets - 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.

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

Investment and Remittance Restrictions – In some cases, emerging markets may restrict the access of foreign investors to securities. As a result, certain equity securities may not always be available to a 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.

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.

#### **5.19 Unregulated collective investment schemes**

Subject to the rules contained in the COLL Sourcebook, the Company may invest in unregulated collective investment schemes (including hedge funds or hedge fund of funds). Investment in unregulated collective investment schemes carries additional risks to investments in regulated collective investment schemes as these may not be under the regulation of a competent regulatory authority in their jurisdiction of origin; the protection of the investors may therefore be much more limited or non-existent. Unregulated collective investment schemes may use leverage and may carry increased liquidity risk as units / shares in such schemes may not be readily realisable and that the regulatory protection of the investor may therefore be much more limited or non-existent.

#### **5.20 Non-UCITS retail schemes**

Such funds can have wider investment and borrowing powers than UCITS Schemes with higher investment limits in various areas. They can also invest to a greater extent in areas such as property and unregulated schemes and have the option to borrow on a permanent basis. Such additional powers can increase potential reward, but may also increase risk.

#### **5.21 Infectious Diseases**

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

## **6 MANAGEMENT AND ADMINISTRATION**

### **6.1 Regulatory Status**

The ACD and the Investment Manager are authorised and regulated by the FCA. The address for the FCA is set out in Appendix VI.

The authorisation and regulatory status of the Depositary is set out in paragraph 6.3 'The Depositary' below.

### **6.2 Authorised Corporate Director**

#### **6.2.1 General**

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 ACD is also the UK AIFM for the purposes of the UK AIFM regime.

The ACD is the sole director of the Company.

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
C A E Lawson	Independent Non-Executive Director
S Macdonald	Independent Non-Executive Director
L R Robinson	Independent Non-Executive Director
C J Willson	Independent Non-Executive Director
N C Palios	Non-executive Chair

S R Mugford is also a director of Tutman Fund Solutions Limited and a member of the governing body of TUTMAN LLP, both authorised fund managers within the same group as the ACD, performing a senior management function. He holds directorships of other companies within the Thesis group and performs a senior management function within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.

D W Tyerman is also a member of the governing body of TUTMAN LLP, an authorised fund manager within the same group as the ACD, performing senior management functions. He holds directorships of other companies within the Thesis group and performs senior management functions within Thesis Asset Management Limited, which acts as an investment manager for some authorised funds operated by the ACD.

S E Noone is also a member of the governing body of TUTMAN LLP, an authorised fund manager within the same group as the ACD, performing a senior management function.

N C Palios is also a director of Tutman Fund Solutions Limited and a member of the governing body of TUTMAN LLP, both authorised fund managers within the same group as the ACD, performing a senior management function. She holds

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

D K Mytnik and V R Smith also hold non-executive directorships of other companies within the Thesis group and are members of the governing body of TUTMAN LLP, an authorised fund manager within the same group as the ACD.

S Macdonald and L R Robinson are also independent non-executive directors of Tutman Fund Solutions Limited, an authorised fund manager within the same group as the ACD. They are not engaged in other business activities that are of significance to the Company.

Head Office and  
registered office

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

Share Capital

Issued and paid up £5,673,167.

The ACD is responsible for managing and administering the Company's affairs in compliance with the COLL Sourcebook. The ACD may delegate its management and administration functions, but not responsibility, to third parties, including Associates subject to the rules in the COLL Sourcebook.

The ACD has delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Sub-funds (as further explained in paragraph 6.4 below). It has also delegated to the Registrar certain functions relating to the register (as further explained in paragraph 6.5 below) in addition to handling the functions of administration and fund accountancy.

## 6.2.2 Terms of Appointment

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

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

The ACD Agreement may be terminated by either party on not less than six months' prior written notice. The ACD Agreement terminates automatically if the ACD ceases to be director of the Company or the Company is wound up. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

The ACD will cover at all times the risks outlined below of loss or damage caused by any relevant person through the negligent performance of activities for which

the ACD has legal responsibility by maintaining an amount of own funds, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules. In addition, the ACD holds significant professional indemnity insurance against liability arising from professional negligence which is appropriate to the risks covered, and will comply with the qualitative requirements addressing such risks, in each case, in accordance with the UK AIFM regime and the FCA Rules.

The risks which are specifically covered by this approach include, without being limited to, risks of:

- 6.2.2.1            loss of documents evidencing title of assets of the Company;
- 6.2.2.2            misrepresentations or misleading statements made to the Company or its investors; acts,
- 6.2.2.3            errors or omissions resulting in a breach of:
  - a)        legal and regulatory obligations;
  - b)        duty of skill and care towards the Company and its investors;
  - c)        fiduciary duties;
  - d)        obligations of confidentiality;
  - e)        the terms of the Instrument of Incorporation;
  - f)        terms of appointment of the ACD by the Company;
- 6.2.2.4            failure to establish, implement and maintain appropriate procedures to prevent dishonest, fraudulent or malicious acts;
- 6.2.2.5            improperly carried out valuation of assets or calculation of Share prices;
- 6.2.2.6            losses arising from business disruption, system failures, failure of transaction processing or process management.

### 6.2.3 **Conflicts of Interests**

Conflicts may arise between the interests of the ACD and its permitted delegates in certain circumstances, for example, where there is likelihood that:

- 6.2.3.1            the delegate and an investor in a Company are members of the same group or have any other contractual relationship, if the investor controls the delegate or has the ability to influence its actions (in such cases the likelihood of conflict is likely to increase the greater the extent of such control);
- 6.2.3.2            the delegate makes a financial gain, or avoids a financial loss, at the expense of the Company or the investors in the Company;
- 6.2.3.3            the delegate has an interest in the outcome of a service or an activity provided to the ACD or the Company;

- 6.2.3.4 the delegate has a financial or other incentive to favour the interest of another client over the interests of the Company or the investors in the Company;
- 6.2.3.5 the delegate receives or will receive from a person other than the ACD an inducement in relation to the collective portfolio management activities provided to the ACD and the Company in the form of monies, goods or services other than the standard commission or fee for that service.

The ACD has a policy and procedures in place to monitor the conflicts of interest that may arise in the context of its delegation of certain of its functions. To the extent any actual conflicts of interest are determined to have arisen, the ACD will manage such conflicts to minimise any impact on the investment performance, and will also seek to prevent them from reoccurring. Certain activities may be required to be modified or terminated to minimise conflicts of interest which may be identified from time to time.

Details of the fees payable to the ACD are set out in paragraph 7.2 "Charges payable to the ACD" below. The Company has no directors other than the ACD.

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

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

### **6.3 The Depositary**

#### **6.3.1 General**

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 and head office address is 250 Bishopsgate, London EC2M 4AA. The address of its office which handles matters relating to the Company is set out in the Directory in this Prospectus at Appendix VI.

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 Company, the ACD 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, COLL and FUND.

Under the Depositary Agreement the Depositary has the power to appoint sub-custodians and may include in such appointment powers to sub-delegate. The Depositary has delegated custody of the Scheme Property to The Northern Trust Company (the 'Custodian'). Contact details for the Custodian are set out in the Directory at Appendix VI. 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").

Under the Depositary Agreement the Depositary will be liable to the Company for any loss of Financial Instruments held in custody or for any liabilities incurred by the Company as a direct result of the Depositary's fraud, negligence or negligent or intentional failure to properly fulfil its obligations under the Depositary Agreement or the UK AIFM regime.

However, where the event which led to the loss of a Financial Instrument is not the result of the Depositary's own act or omission (or that of its sub-custodian), the Depositary is discharged of its liability for the loss of a Financial Instrument where the Depositary can prove that the Depositary could not have reasonably prevented the occurrence of the event which led to the loss despite adopting all precautions incumbent on a diligent depositary as reflected in common industry practice and despite rigorous and comprehensive due diligence. The ACD will inform investors without delay of any changes with respect to the Depositary's liability.

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 six months' notice by the Company, the Depositary or the ACD or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not

take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary has taken place.

Other than to exercise the rights of lien or set off over the Scheme Property in relation to unpaid fees and expenses in relation to the proper performance of services under the Depositary Agreement or sub-custody agreement and unless otherwise agreed by the ACD on behalf of the Company, the Depositary shall not be entitled to, and no sub-custodian of the Depositary shall be authorised by the Depositary to, transfer or re-use for its own purpose and benefit any of the Scheme Property it has been entrusted with.

Details of the fees payable to the Depositary are set out in paragraph 7.4 titled 'Depositary's fee and expenses'.

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

As the Depositary operates independently from the Company, Shareholders, the ACD and the Custodian, the Depositary does not anticipate any conflicts of interest arising between it and any of the aforementioned parties and has confirmed that it is not aware of any conflict of interest arising from its delegation of custody of the Scheme Property to the Custodian. Should any such conflict arise, the Depositary shall notify the ACD and take necessary steps to address the conflict.

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.

## 6.4 The Investment Manager

The ACD has delegated its day-to-day responsibility for investment management to the Investment Manager in respect of the Sub-fund:

### **Thesis Asset Management Limited**

The principal activity of this Investment Manager, a company incorporated in England under number 01802101, is the provision of wealth management services. Thesis Asset Management Limited is connected with the ACD, as it is in the same group as the ACD.

## 6.4.2 Terms of Appointment

6.4.2.1 The Investment Manager has full discretionary powers over the investment of the part of the property of the Company entrusted to them subject to the overall responsibility and right of veto of the ACD. The agreement between the Investment Manager and the ACD (the "Investment Management Agreement") is terminable at any time by the ACD and on three months' written notice by an Investment Manager. Notwithstanding this, the Investment Management Agreement may be terminated immediately by the ACD if it is in the interests of investors.

6.4.2.2 The Investment Manager may only sub-delegate its functions with the prior consent of the ACD.

6.4.2.3 The Investment Management Agreement contains provisions to the following effect:

- 6.4.2.3.1 the ACD will indemnify the Investment Manager against certain losses incurred by the Investment Manager but, in the absence of fraud, the ACD's liability will be limited to the assets of the Company available to meet such a claim;
- 6.4.2.3.2 the Investment Manager will be liable for certain losses suffered by the ACD or the Company, subject, in the absence of fraud, to certain limitations on the Investment Manager's liability;
- 6.4.2.3.3 the Investment Manager shall not be liable for any non-performance of its obligations due to causes beyond its control; and
- 6.4.2.3.4 the agreement is governed by English law and the parties submit to the exclusive jurisdiction of the English courts.

6.4.3 The main legal implications of the contractual relationship entered into for the purpose of investment in the Company are as follows:

6.4.3.1 By investing in the Company through Electronic Communications, by telephone or by submitting an application form to Thesis Unit Trust Management Limited at the dealing office of the Administrator, the investor makes an offer to subscribe for Shares which, once it is accepted by the ACD, or the Administrator on its behalf, has the effect of a binding contract to subscribe for Shares.



- 6.4.3.2 The provisions of the scheme documents made between the ACD and the Depositary by way of which the Company is constituted, as the same may be amended from time to time are binding on each of the Shareholder (who are taken to have notice of them) as if that Shareholder was a party to it with effect on and from the date that any person has become a Shareholder.
- 6.4.3.3 The scheme documents and the application form are each made under and governed by and shall be construed in accordance with the laws of England and Wales. The Company, the ACD and Shareholders will be subject to the exclusive jurisdiction of the courts of England and Wales to settle any dispute or claim arising out of or in connection with a Shareholder's investment in the Company or any related matter.
- 6.4.3.4 The scheme documents may be amended by agreement between the ACD and the Depositary.
- 6.4.3.5 Absent a direct contractual relationship between a Shareholder and the relevant service provider, Shareholders generally have no direct rights against the relevant service provider and there are only limited circumstances in which a Shareholder may potentially bring a claim against the relevant service provider. Instead, the proper claimant in an action in respect of which a wrongdoing is alleged to have been committed against the Company by the relevant service provider is, prima facie, the Company itself or the ACD acting on behalf of the Company, as the case may be.
- 6.4.3.6 The Investment Manager may hold or trade in securities and instruments of the same type as the securities and instruments held or traded in by the funds and fund managers; they may also utilise the same or similar strategies as those adopted by the Sub-fund managers. The Investment Manager may therefore trade and compete with fund managers and funds on an arm's length basis. In addition, the Investment Manager may make investments in other funds managed or advised by it.
- 6.4.3.7 The Investment Manager has discretion to enter into foreign exchange hedging transactions and borrowings on behalf of the Company. The Investment Manager may appoint an affiliate of any existing service provider or any other third party to act as a counterparty in the execution of foreign exchange transactions in connection with the currency hedging activities of the Company and/or to implement the currency hedging strategy
- 6.4.4 The contact office address of the Investment Manager is set out in Appendix VI.
- 6.4.4 The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Sub-funds as explained in paragraph 7.5 below.
- 6.4.5 The Investment Manager will not be considered as broker fund advisers under the FCA Handbook in relation to the Company.

## **6.5 The Registrar, Administration and Fund Accountancy**

### **6.5.1 General**

On behalf of the Company the ACD has also appointed Northern Trust Global Services SE, UK Branch (formerly Northern Trust Global Services PLC) to act as registrar to the Company (the 'Registrar'). Northern Trust Global Services SE, UK Branch also handles administration and fund accountancy functions for the Company.

The address of the registered office of the Registrar is set out in Appendix VI.

#### **6.5.2 The Register**

The Register is kept, and maintained at, the office of the Registrar, Northern Trust Global Services SE, UK Branch, located at 50 Bank Street, Canary Wharf, London, E14 5NT.

The Register can be inspected by Shareholders during normal office hours. The Register may also be inspected at the operating address of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

The duties of the Registrar include:

- a) maintaining the Register;
- b) receiving and processing requests for subscriptions for, or redemptions of, Shares in the Company;
- c) administering the payment of distributions to Shareholders in the Company;
- d) dealing with certain regulatory reporting requirements on behalf of the Company and the ACD;
- e) maintaining the accounting records of the Company;
- f) assisting in calculating the Net Asset Value of the Company, as well as to provide fund accounting services in respect of the Company.

In line with the regulations that govern such operational outsourcing, the ACD retains responsibility for all work performed on its behalf and investors' rights are not affected by this delegation.

There are no conflicts of interest arising through delegation of these functions by the ACD.

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

#### **6.6 The Auditors**

The Auditors of the Company are Deloitte LLP, whose address is set out in Appendix VI.

The duties of the Auditors are to carry out an annual audit of the Company and to issue a report including the following statements:

- a) whether, in the Auditor's opinion, the accounts have been properly

prepared in accordance with the relevant Statement of Recommended Practice, the rules in COLL Sourcebook, and the instrument constituting the scheme;

- b) whether, in the Auditor's opinion, the accounts give a true and fair view of the net revenue and the net capital gains or losses on the Scheme Property of the Company for the annual accounting period in question and the financial position of the Company as at the end of that period;
- c) whether the Auditor is of the opinion that proper accounting records for the Company have not been kept or whether the accounts are not in agreement with those records;
- d) whether the Auditor has been given all the information and explanations which, to the best of their knowledge and belief, are necessary for the purposes of this audit; and
- e) whether the Auditor is of the opinion that the information given in the report of the ACD for that period is consistent with the accounts

## **6.7 Conflicts of Interest**

The ACD, the Investment Manager and other companies within the Thesis Asset Management Limited and/or the Investment Manager's respective groups may, from time to time, act as investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Sub-funds. It is therefore possible that the ACD and/or an Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Sub-fund. Each of the ACD and the Investment Manager will, however, have regard in such event to its obligations, respectively, under the ACD Agreement and its respective Investment Management Agreement 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 act as the depositary of other open-ended investment companies and as trustee or custodian of other collective investment schemes.

## **7 FEES AND EXPENSES**

### **7.1 Ongoing**

All costs, charges, fees or expenses, other than the charges made in connection with the subscription and redemption of Shares (see paragraph 3.5) payable by a Shareholder or out of Scheme Property are set out in this section.

The Company or each Sub-fund (as the case may be) may, so far as the COLL Sourcebook allows, also pay out of the Scheme Property all relevant costs, charges, fees and expenses including the following:

- 7.1.1 the direct establishment costs of the Company and each Sub-fund formed or Share class created may be borne by the Company, the relevant Sub-fund (as appropriate) or by the ACD at its discretion;
- 7.1.2 broker's commission (excluding costs for research), fiscal charges (including stamp duty and/or stamp duty reserve tax) and other

disbursements which are necessary to be incurred in effecting transactions for the Sub-fund and normally shown in contract notes, confirmation notes and difference accounts as appropriate;

- 7.1.3 fees and expenses in respect of establishing and maintaining the Register, are payable monthly out of the property of the Sub-funds;
- 7.1.4 any fees or costs associated with any CASS related support activity incurred by the Registrar;
- 7.1.5 any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;
- 7.1.6 any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other media;
- 7.1.7 any costs incurred which are associated with independent risk monitoring or daily "value at risk" or "VaR" calculations (part of risk monitoring process);
- 7.1.8 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company;
- 7.1.9 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;
- 7.1.10 any fees, expenses or disbursements of any legal or other professional adviser of the Company;
- 7.1.11 any costs incurred in taking out and maintaining an insurance policy in relation to the Company;
- 7.1.12 any costs incurred in respect of meetings of Shareholders convened for any purpose;
- 7.1.13 any payment permitted by clause 6.7.15R of the COLL Sourcebook;
- 7.1.14 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.1.15 taxation and duties payable in respect of the Scheme Property or the issue or redemption of Shares;
- 7.1.16 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 7.1.17 the fees of the FCA, in accordance with the FCA's Fee Manual, together with any corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Shares in the Company are or may be marketed;
- 7.1.18 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company;

- 7.1.19 the total amount of any cost relating to the authorisation and incorporation of the Company and of its initial offer or issue of Shares;
- 7.1.20 any costs incurred in preparing, translating, producing (including printing), distributing and modifying the instrument of incorporation, the prospectus, the simplified prospectus/key features (apart from the costs of distributing the simplified prospectus/key features) or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations;
- 7.1.21 any payments otherwise due by virtue of a change to the Regulations;
- 7.1.22 any value added or similar tax relating to any charge or expense set out herein;
- 7.1.23 any fees or costs incurred in respect of electronic dealing; and
- 7.1.24 the cost of any index licence fee which would be payable to an index provider for use of the index.

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

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach for a given Sub-fund is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital.

**If deductions were made from capital, this would result in capital erosion and constrain growth.**

## **7.2 Charges payable to the ACD**

### **7.2.1 Preliminary and Annual Management Charge**

The ACD may receive, or waive in part or in whole, a preliminary charge upon the sale or purchase of Shares. Details of the preliminary charge, and the basis for this charge, are set out in paragraph 3.5.1 above.

The current preliminary charge is set out in Appendix I.

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee (referred to in this Prospectus as the 'annual management charge') out of each Sub-fund as set out in Appendix I. The current annual management charge for each Sub-fund is expressed as a percentage per annum of the Net Asset Value of that relevant Sub-fund.

The annual management charge will accrue on a daily basis in arrears by reference to the Net Asset Value of the Sub-fund on the immediately preceding Dealing Day and the amount due for each month is payable on the last Dealing Day of each month.

### **7.2.2 Expenses**

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

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

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

### 7.3 **Registration Fees**

The Registrar is entitled to receive a fee out of the Scheme Property for providing registration services, (including establishing and maintaining sub-registers where applicable) and disbursements as listed in the Fees and Expenses paragraph 7 above. Such fee is payable monthly. The current fees payable to the Registrar are as follows: £15.00 per annum per Shareholder per each Sub-fund of the Company in which the Shareholder is invested with a minimum payment of £2,000 per annum per Sub-fund.

In addition, for any instruction to purchase or redeem Shares in a Sub-fund, a transaction fee of up to £19.00 will be levied and payable by that Sub-fund. The amount of any transaction fee will depend on the method of investment or redemption (for example electronic or postal) and will reflect the underlying cost of the chosen method. The fee will apply to new instructions but will not apply to ongoing arrangements such as re-investment of income. Further details are available on request from the ACD.

#### **Administration Fees**

Northern Trust Global Services SE, UK Branch (the “**Administrator**”) is entitled to receive a fee out of the Scheme Property for providing administration services. The fees payable to the Administrator are paid by the ACD out of the annual management charge as described at 7.2.1 above.

### 7.4 **Depositary’s fee and expenses**

The Depositary is paid a monthly periodic fee (plus VAT) from the Scheme Property of the relevant Sub-fund by way of remuneration for its services.

The Depositary’s fee is calculated on the value of the Scheme Property, of the Company in accordance with the Depositary Agreement and the FCA Rules, and payable out of the Scheme Property of the relevant Sub-fund in accordance with the FCA Rules. For this purpose, the value of each Sub-fund is inclusive of the issues and cancellations which take effect as at the relevant Valuation Point.

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

The current fees payable are:

0.0275% per annum	on the first £50 million value of the Scheme Property of each Sub-fund;
0.025% per annum	on the next £50 million value of the Scheme Property of each Sub-fund;

0.020% per annum            on the next £100 million value of the Scheme  
Property of each Sub-fund;

0.015% per annum            Thereafter.

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

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

<b>Item</b>	<b>Range/Fees</b>
Transaction Charges	£7.50 to £180.00
Derivative Transaction Charges	£20 (if applicable)
Custody Charges	up to 0.9% of the value of the holding involved subject to a minimum aggregate custody charge of £7,500 per annum

These charges vary from country to country depending on the markets and the type of transaction involved.

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 the Scheme Property, provided always that the services concerned and any such dealing are in accordance with the provisions of the FCA 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 or termination of a Sub-fund the Depositary will be entitled to its pro rata fees, charges and expenses to the date of winding up, the termination, 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 cash 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.

The Depositary has delegated the provision of global custody to The Northern Trust Company.

Expenses not directly attributable to a particular Sub-fund will be allocated between Sub-funds. In each case such expenses and disbursements will also be payable if incurred by any person (including the ACD or an Associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook by the Depositary.

## **7.5 Investment Manager's fees**

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

Research costs will be paid for by the Investment Manager out of this fee and shall not be borne by the Sub-fund.

Further details of this agreement are summarised in paragraph 6.4.2 "Terms of Appointment" above.

## **7.6 Allocation of fees and expenses between Sub-funds**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Sub-fund in respect of which they were incurred. This includes any charges and expenses incurred in relation to the Register, except that these will be allocated and charged to each class of Shares on a basis agreed between the ACD and the Depositary.

Where an expense is not considered to be attributable to any one Sub-fund, the expense will normally be allocated to all Sub-funds pro rata to the value of the Net Asset Value of the Sub-funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

### **Allocation of payments**

**Where charges, including the annual management charge, periodic charge, Depositary's fees and other expenses are deducted from the capital property of a Sub-fund, this can have the effect of constraining or even eroding capital growth of that Sub-fund.**

## **8. SHAREHOLDER MEETINGS AND VOTING RIGHTS**

### **8.1 For the purposes of this paragraph 8:**

- 8.1.1 a "physical meeting" is a general meeting convened at a physical location where Shareholders, or their proxy, must be physically present;
- 8.1.2 a "hybrid meeting" is a general meeting which allows Shareholders, or their proxy, to be physically present at the location where the meeting is convened, or to attend and vote remotely; and



- 8.1.3 a "virtual meeting" is a general meeting where all Shareholders, or their proxy, attend and vote remotely.
- 8.2 The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Sub-funds as they apply to general meetings of the Company.
- 8.3 The Company does not propose to hold annual general meetings. Resolutions will be voted upon at extraordinary general meetings.
- 8.4 The ACD and the Depositary may convene a general meeting of the Company at any time in accordance with the FCA Rules. The ACD may hold a virtual meeting or a hybrid meeting as this is not inconsistent with any provisions in the Instrument of Incorporation.
- 8.5 Shareholders may request the convening of a general meeting by a requisition which must:
- 8.5.1 state the objective of the meeting;
  - 8.5.2 be dated;
  - 8.5.3 be signed by Shareholders who, at that date, are registered as the Shareholders of Shares representing not less than one-tenth in value of all of the Shares then in issue; and
  - 8.5.4 be deposited at the head office of the Company or with the Depositary.
- 8.6 Any Shareholder who participates remotely in a hybrid meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights as a Shareholder who is physically present at the meeting.
- 8.7 Any Shareholder who participates in a virtual meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights that the Shareholder would have at a physical meeting.
- 8.8 Any Shareholder who participates remotely may do so without having to appoint a proxy and is not required to submit their vote on a resolution in advance of the meeting.
- 8.9 A meeting of Shareholders, duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the relevant regulations.
- 8.10 An extraordinary resolution is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for the resolution at a general meeting, or, as the case may be, a Class meeting of Shareholders.
- 8.11 Except where an extraordinary resolution is specifically required or permitted, any resolution of Shareholders is passed by a simple majority of the votes validly cast.
- 8.12 A meeting of Shareholders has no powers other than those contemplated by the FCA Rules.
- 8.13 Where a meeting of Shareholders is convened by the ACD or the Depositary,

Shareholders must receive at least 14 days' written notice (inclusive of the date on which the notice is first served and the day of the meeting) and the notice shall specify:

- 8.13.1 whether the meeting is to be a physical meeting, a hybrid meeting or a virtual meeting;
  - 8.13.2 if the meeting is a physical meeting or a hybrid meeting, the place of the meeting;
  - 8.13.3 if the meeting is a hybrid meeting or a virtual meeting, the means by which a Shareholder may participate, including any requirements for Shareholders to register before the meeting begins or to provide proof of their right to attend, and an explanation of how participating Shareholders may vote in a show of hands or in a poll, if they do not appoint a proxy;
  - 8.13.4 the day and hour of the meeting;
  - 8.13.5 the terms of the resolutions to be proposed; and
  - 8.13.6 the address of the website where the minutes of the meeting will subsequently be published.
- 8.14 Where the notice is served by the ACD a copy shall be sent to the Depositary.
- 8.15 The accidental omission to give notice to, or the non-receipt of notice by any Shareholder will not invalidate the proceedings at any meeting.
- 8.16 Notice of an adjourned meeting of Shareholders must be given to each Shareholder, stating that while two Shareholders are required to be present, in person, by proxy or remotely, to constitute a quorum at the adjourned meeting, this may be reduced to one in accordance with COLL 4.4.6R(3), should two such Shareholders not be present after a reasonable time of convening of the meeting.
- 8.17 Where the meeting is a hybrid meeting or a virtual meeting, the ACD shall take reasonable care to ensure that the necessary supporting technology to enable Shareholders to attend and vote is in place at the start of the meeting and operates adequately throughout its proceedings, so that Shareholders who attend or vote remotely are not unfairly disadvantaged.
- 8.18 The quorum at a meeting of Shareholders shall be two Shareholders, present in person, by proxy or (where applicable) remotely using the means specified in the notice. If, after a reasonable time after the start of the meeting, a quorum is not present, the meeting:
- 8.18.1 if convened on the requisition of Shareholders, must be dissolved; and
  - 8.18.2 in any other case, must stand adjourned to:
    - a) a day and time which is seven or more days after the day and time of the meeting; and
    - b) in the case of a physical meeting or a hybrid meeting, a place to be appointed by the chair.
  - 8.18.3 If, at an adjourned meeting under paragraph 8.4.10(b), a quorum is not present after a reasonable time from the time for the meeting, one person

entitled to be counted in a quorum present at the meeting shall constitute a quorum.

8.18.4 The chair of a meeting which permits Shareholders to attend and vote remotely shall take reasonable care to give such Shareholders:

- a) an adequate opportunity to be counted as present in the quorum; and
- b) sufficient opportunities to participate fully in the proceedings of the meeting, in particular when a vote is taken on a show of hands or by poll.

8.19 In the case of an equality of votes cast, the chair is entitled to a casting vote.

8.20 At any meeting of Shareholders, on a show of hands every Shareholder who is present in person or who attends the meeting remotely using the means specified in the notice, shall have one vote.

8.21 On a poll, votes may be given either personally or by proxy or in another manner permitted by the Instrument. The voting rights for each Share must be the proportion of the voting rights attached to all of the Shares in issue that the price of the Shares bears to the aggregate price or prices of all of the Shares in issue at a cut-off date selected by the ACD which is a reasonable time before notice of the meeting is sent out.

8.22 A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way. For joint Shareholders, the vote of the first Shareholder, or the proxy of the first Shareholder, stated in the Register will be accepted to the exclusion of the votes of other joint Shareholders. In the context of despatch of notice, Shareholders means persons who were entered in the Register seven days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.

8.23 To be included in the quorum and entitled to vote at the meeting, **Shareholders** means the persons entered on the Register at a time determined by the ACD and stated in the notice of the meeting, which must not be more than 48 hours before the time fixed for the meeting.

8.24 The ACD is not entitled to vote at or be counted in a quorum at a meeting of Shareholders in respect of Shares held or deemed to be held by the ACD, except where the ACD holds Shares on behalf of, or jointly with, a person who, if themselves the sole registered Shareholder would be entitled to vote, and from whom the ACD has received voting instructions. Associates of the ACD are entitled to be counted in a quorum and, if they hold Shares on behalf of a person who would have been entitled to vote if they had been a registered Shareholder and they have received voting instructions from that person, may vote in respect of such Shares pursuant to such instructions.

8.25 Where all the Shares in a Sub-fund are registered to, or held by, the ACD or its Associates and they are therefore prohibited from voting and a resolution (including an extraordinary resolution) is required to conduct business at a meeting, it shall not be necessary to convene such a meeting and a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 50% or more, or for an extraordinary resolution 75% or more, of the Shares in issue.

8.26 The ACD will publish the minutes on a website accessible to the general

public without charge, no later than 5 Business Days after the meeting has taken place (but in the case of an original meeting which is adjourned, the minutes will be published no later than 5 Business Days after the adjourned meeting has taken place).

- 8.27 Any notice or document to be served upon a Shareholder will be duly served if it is:
- 8.27.1 delivered to the Shareholder's address as appearing in the Register; or
  - 8.27.2 sent using an electronic medium in accordance with paragraph 15.2.
- 8.28 Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it was posted.
- 8.29 Any document left at a registered address or delivered other than by post is deemed to have been served on that day.
- 8.30 Any notice or document served by post on one joint Shareholder is deemed to also have been served on each other joint Shareholder whose address, as appearing on the Register, is the same address to which the notice or document was sent.
- 8.31 Any document or notice to be served on, or information to be given to a Shareholder, must be in legible form. For this purpose, any form is a legible form if it:
- 8.31.1 is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;
  - 8.31.2 is capable of being provided in hard copy by the ACD;
  - 8.31.3 enables the recipient to know or record the time of receipt; and
  - 8.31.4 is reasonable in the context.
- 8.32 Changes to the Company are classified as fundamental, significant or notifiable.
- 8.33 The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company which constitutes a "fundamental change". This is a change or event which:
- 8.33.1 changes the purpose or nature of the Company;
  - 8.33.2 may materially prejudice a Shareholder;
  - 8.33.3 alters the risk profile of the Company; or
  - 8.33.4 introduces a new type of payment out of the Scheme Property.
- 8.34 The ACD must give prior written notice to Shareholders of any proposed change which constitutes a "significant change". This is a change or event which is not fundamental, but which:
- 8.34.1 affects a Shareholder's ability to exercise their rights in relation to their investment;
  - 8.34.2 would reasonably be expected to cause the Shareholder to reconsider their participation in the Company;

8.34.3 results in any increased payments out of Scheme Property to the ACD, or an associate of the ACD; or

8.34.4 materially increases other types of payment out of the Scheme Property.

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

8.35 The ACD must inform Shareholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Company. This is a change or event, other than a fundamental or significant change, which a Shareholder must be made aware of unless the ACD concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next report of the Company.

8.36 Changes to the investment objective and policy will normally require approval by Shareholders at an extraordinary general meeting if the change alters the nature or risk profile of the Company, or on giving 60 days' notice to Shareholders where the changes do not alter the nature or risk profile of the Company. In exceptional circumstances, changes may be made to the investment objective and policy of the Company with no minimum period of notice where these are for clarification purposes only. In all cases, changes may only be made to the investment objective and policy following notification to the FCA pursuant to the OEIC Regulations and confirmation from the FCA that these changes will not affect the ongoing authorisation of the Company.

## **9 TAXATION**

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

### **9.1 Taxation of the Sub-Funds**

The Company is an umbrella ICVC. Each Sub-fund is treated as a separate authorised investment fund for tax purposes. Income of each Sub-fund is deemed to be distributed for tax purposes, even when it is accumulated. References to distributions include deemed distributions of accumulated income.

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

#### **(A) Income**

Each Sub-fund is liable to corporation tax on most sources of its income after relief for management expenses (which include fees payable to the ACD and to

the Depositary). The rate of corporation tax applicable to the Sub-funds is equal to the basic rate of income tax.

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

Dividend income received by each Sub-fund from investments in UK resident and overseas companies should fall within an exemption from corporation tax. Dividend income received from foreign companies may be subject to withholding tax or other taxation in the foreign jurisdiction. Any foreign tax suffered by 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) Capital gains**

Capital gains realised by each Sub-fund on a disposal of its investments are exempt from corporation tax on chargeable gains. In the unlikely event that a Sub-fund should be considered to be trading in securities for tax purposes, any gains made 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 an SDRT charge where shares in a Sub-fund are surrendered and the investors receive assets from the Sub-fund (rather than cash) which are not in proportion to each investor's share of the total assets held by the relevant Sub-fund.

## **9.2 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 by the Sub-funds as either (a) an interest distribution or (b) a dividend distribution. The type of distribution that each Sub-fund makes, or is deemed to make in the case of accumulation Shares, depends on the source and composition of the income within the relevant Sub-fund.

Where more than 60% by value of a Sub-fund's investments consist of "qualifying investments" (broadly speaking interest paying investments, see further below) distributions made will be interest distributions in relation to such Sub-fund. Where this is not the case, the Company will make a dividend distribution in respect of the Sub-fund.

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

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

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

## **(C) Dividend distributions**

Dividend distributions paid by a Sub-fund are treated as if they are dividends.

### UK resident individuals

UK resident individuals liable to income tax at the basic, higher or additional rate

will be taxed at the appropriate dividend rate on the receipt of dividend distributions subject to the availability of allowances and reliefs including the annual dividend allowance.

#### UK corporate Shareholders

UK resident corporate Shareholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the tax voucher. The unfranked portion is, to the extent it comprises UK source income, generally treated as an annual payment received after deduction of income tax at the basic rate, whereas the balance is treated as franked income – i.e. a dividend. Both annual payments and dividends are liable to corporation tax in the hands of UK corporate Shareholders although the 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 Shares in each Sub-fund. A switch of Shares between Sub-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 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 Sub-fund, including the income of the relevant Sub-fund since the previous distribution or, in the case of accumulation Shares, deemed distribution. In the case of the first distribution received or accumulation made in respect of a Share, part of the amount, namely the equalisation payment, is treated as a return of capital and is not taxable as income in the hands of the Shareholder. This amount is, however, in the case of income Shares, deducted from the cost of the Share in computing any capital gains. Equalisation applies only to Shares purchased during the relevant accounting period. It is calculated as the average amount of income included in the issue price of all Shares of the relevant class issued during the period.

### **(B) UK information reporting regime**

Open-ended investment companies are required to report details of interest



distributions paid to UK, and many non-UK investors. Dividend distributions and payments made to ISA investors are not within the scope of these rules but see the paragraphs dealing with “International tax compliance” below.

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

The ACD may, in the future, seek to elect the Company into the TEF regime if it considers that it would be advantageous for the majority of investors in the Company to do so. If the Sub-fund is elected into the TEF regime, the UK tax treatment of the Sub-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.

## **10 WINDING UP OF THE COMPANY OR TERMINATION OF A SUB-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 Sub-fund may

only be terminated under the COLL Sourcebook.

Where the Company is to be wound up or a Sub-fund is to be terminated under the COLL Sourcebook, such winding up or termination may only be commenced until (a) effect has been given, under regulation 21 of the OEIC Regulations, to proposals to wind up the affairs of the Company or make alterations to the Company's Instrument of Incorporation and Prospectus as required if a Sub-fund is to be terminated, and (b) a statement is prepared, delivered to the FCA under COLL 7.3.5 R (solvency statement) and received by the FCA prior to satisfying the condition under (a) above.

The Company may not be wound up under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

The Company shall be wound up or a Sub-fund must be terminated under the COLL Sourcebook:

- 10.1 if an extraordinary resolution to that effect is passed by Shareholders; or
- 10.2 when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up or terminated (for example, if the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below £5 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 Sub-fund); or
- 10.3 on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-fund; or
- 10.4 on the effective date of a duly approved scheme of arrangement which is to result in the Company, or a Sub-fund, ceasing to hold any Scheme Property; or
- 10.5 in the case that a fund is an umbrella on the date on which all of its sub-funds fall within paragraph 10.4 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:

- 10.6 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-fund;
- 10.7 the Company will cease to issue and cancel Shares in the Company or the relevant Sub-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 Sub-fund;
- 10.8 no transfer of a Share shall be registered and no other change to the Register shall be made without the sanction of the ACD;
- 10.9 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;
- 10.10 the corporate status and powers of the Company and subject to paragraphs 10.6 to 10.9 above, the powers of the Depositary shall continue until the Company is

dissolved.

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

As soon as reasonably practicable after completion of the winding up of the Company or of the termination of the particular Sub-fund, the Depositary shall notify the FCA that the winding up or termination has been completed.

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

Following the completion of a winding up of the Company or a termination of a Sub-fund, the ACD must prepare a final account showing how the winding up or termination took place and how the Scheme Property was distributed. The Auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the Auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) on it within four months of the completion of the winding up or termination.

## **11 RISK PROFILE MANAGEMENT**

- 11.1 The ACD, in consultation with the Investment Manager, has adopted a risk management process in respect of the Company enabling it to monitor and measure the risk of the Company's portfolio and contribution of the underlying investments to the overall risk profile of the Company.
- 11.2 The ACD operates a liquidity risk management policy with a view to ensuring that Shareholders are able to realise their Shares in accordance with this Prospectus and the requirements of the FCA Rules. This Prospectus provides information in relation to liquidity risk management, including the redemption rights of investors in normal and exceptional circumstances, and the existing redemption arrangements with investors.
- 11.3 Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. Examples include insufficient cash to meet redemption requests or make margin payments requirements and the risk that a particular derivative position cannot be easily unwound or offset due to insufficient market depth or market disruption or that the Company's financial obligations arising from the derivative activity (such as margin calls) will not be able to be met. It is controlled for

through monitoring of the liquidity of all instruments used, including derivatives, in the context of the investment objectives and liquidity requirements of each scheme or client account. Cash positions are monitored and reported to ensure that the Company has sufficient capacity to meet obligations arising from any derivative positions.

- 11.4 Stress tests on the portfolio are undertaken on a periodic basis, the frequency is dependent on a number of factors, e.g. portfolio composition and liquidity.

## 12 LEVERAGE

- 12.1 The Company may invest in instruments which are subject to leverage from time to time. Under the UK AIFM regime, the ACD must:

- 12.1.1 set a maximum level of leveraging which it may employ on behalf of the Company; and
- 12.1.2 where the leverage arrangement allows the right to reuse collateral or the granting of a guarantee, set out the extent of that right or guarantee.

- 12.2 For the Company, the ACD has set the following limits:

Maximum level of leverage using the Commitment Method: 200%

Maximum level of leverage using the Gross Method: 300%

### \*NOTES

Under the **gross method**, the exposure of the Company is calculated as follows:

1. the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the Company that are readily convertible to an amount of cash, subject to an insignificant risk of change in value and which provide a return no greater than the rate of a three month high quality government bond is excluded;
2. derivative instruments are converted (using certain specified conversion methodologies) into the equivalent position in their underlying assets;
3. cash borrowings that remain in cash or cash equivalents and where the amounts payable are known are excluded;
4. exposures resulting from the reinvestment of cash borrowings, expressed as the higher of the market value of the investment realised or the total amount of cash borrowed are included; and
5. positions within repurchase or reverse repurchase transactions and securities lending or borrowing or other similar arrangements are included.

The maximum level of leverage for the Company expressed as a ratio of the Company's total exposure to its Net Asset Value current ratio under the gross method is: **1:3**.

Under the **commitment method**, the exposure of the Company is calculated as follows:

1. derivative instruments are converted (using certain specified conversion

methodologies) into the equivalent position in their underlying assets;

2. netting and hedging arrangements are applied, subject to specified conditions;
3. the exposure created through the reinvestment of borrowings where such reinvestment increases the exposure of the Company is calculated;
4. derivative instruments used for currency hedging purposes are excluded.

The maximum level of leverage for the Company expressed as a ratio of the Company's total exposure to its Net Asset Value current ratio under the commitment method is:  
**1:2.**

**Where a Sub-Fund may use options, forwards and other derivative instruments for both the purpose of meeting the investment objectives of the Sub-Fund and/or hedging against either price or currency fluctuations, the ACD's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations. Use of these strategies involves certain special risks, including (i) imperfect correlation between movements in the securities or currency on which a futures or options contract is based and movements in the securities or currencies in the Sub-Fund; (ii) the absence of a liquid market for any particular instrument at any particular time; and (iii) possible impediments to the ability to meet redemption requests or other short-term obligations because of the percentage of the Sub-Fund's assets segregated to cover its obligations. Hedging strategies necessarily add costs to the Sub-Fund.**

### **13 FAIR TREATMENT OF INVESTORS**

- 13.1 The ACD ensures fair treatment of investors by its compliance with the applicable rules in the COLL Sourcebook and the FUND Sourcebook and with the rules contained in the FCA Handbook.
- 13.2 The ACD is required, under the FCA Handbook, to treat its customers fairly, when they become, remain or as they cease to be Shareholders. The ACD complies with the rules in the FCA Handbook, and has adopted a series of policies and procedures (including a Conflict of Interest policy) which are designed to achieve this outcome.
- 13.3 The ACD and/or the Investment Manager may enter into side letters and/or other arrangements ("Side Arrangements") with Shareholders, including those deemed to involve a significant or strategic relationship, that will result in the terms of an investment in the Company being different to the terms applicable to other Shareholders and/or provide the following preferential treatment:

#### **13.3.1 Disclosure / Reporting:**

- 13.3.1.1 notification of (A) certain 'key man' events and/or (B) certain changes to the organisation of the Company and/or (C) the issue of Shares on more favourable terms to those described herein (as amended by the relevant side letter and/or other arrangement) and/or (D) certain other changes and/or other events, in each case that affects, or relates to, the Company and/or its service providers (including, but not limited to, the Investment Manager) or the relevant Shareholder's investment in the Company;

- 13.3.1.2 notification if holdings in the Company by the relevant Shareholder exceed specific levels; and/or
  - 13.3.1.3 the provision of certain limited information relating to the Investment Manager and/or to the Company's assets, including in order to allow the relevant Shareholder to comply with the laws and regulations to which it is subject.
- 13.3.2 Investor Liquidity terms:
  - 13.3.2.1 ensure that redemptions of Shares are effected in full within a prescribed period of time in the event that redemptions are deferred (i.e. "gated") for any reason; and/or
  - 13.3.2.2 permit transferability of Shares where there is no change of beneficial ownership.
- 13.3.3 Fees:
  - 13.3.3.1 rebate some or all of the periodic charge payable in respect of the relevant Shareholder's Shares
- 13.3.4 Side Arrangements:
  - 13.3.4.1 The ACD's Risk Management Policy deals with Side Arrangements.
  - 13.3.4.2 The main conflict of interest with Side Arrangements is the potential for one or more investors to be advantaged over other investors by terms within their Side Arrangements. For example, the preferential early exit of one investor may reduce the portfolio liquidity, which might make withdrawals unavailable to other investors. Subsequently, it may be the case that other investors are actually disadvantaged. The ACD will give consideration as to whether the nature and scope of the provisions are consistent with treating all investors fairly.
  - 13.3.4.3 Any Side Arrangement which contains 'material terms' will be fully considered before it is put in place. Examples of material terms would include preferential redemption rights, 'key man' provisions, redemption 'gate' waivers and portfolio transparency rights.

## **14 RECOGNITION AND ENFORCEMENT OF JUDGMENTS**

- 14.1 The laws of England and Wales provide a number of legal mechanisms for the recognition and enforcement of judgments.

## **15 GENERAL INFORMATION**

### **15.1 Accounting Periods**

The annual accounting period of the Company ends each year on 30 November (the accounting reference date) with an interim accounting period ending on 31 May. The first annual accounting period of the Company will end on 30 November 2021.

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

### **15.2 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:

- 15.2.1 prior agreement between the ACD and the person making the communication as to:
  - 15.2.1.1 the electronic media by which such communications may be delivered; and
  - 15.2.1.2 how such communications will be identified as conveying the necessary authority; and
- 15.2.2 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.

### **15.3 Income Allocations**

The Sub-funds income allocation dates are set out in Appendix I. For each of the Sub-funds income is allocated in respect of the income available at each accounting date.

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

For Sub-funds in which accumulation Shares are issued, income will become part of the capital property of the Sub-fund and will be reflected in the price of each such accumulation Share as at the end of the relevant accounting period.

If a distribution made in relation to any income Shares remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Sub-fund (or, if that no longer exists, to the Company).

The amount available for distribution in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the relevant Sub-fund in respect of that period, and deducting the charges and expenses of the relevant Sub-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 other matters.

#### **15.4 Annual Reports**

The annual long reports of the Company will be published, and made available, on or before 31 March.

A long report containing the full accounts is available to any person free of charge on request.

#### **15.5 Documents of the Company**

The following documents may be inspected, free of charge, during normal business hours on any Business Day at the offices of the ACD at the address set out in Appendix VI:

- 15.5.1 the most recent annual and half-yearly reports of the Company;
- 15.5.2 the Instrument of Incorporation (and any amending documents);
- 15.5.3 the Prospectus; and
- 15.5.4 the material contracts referred to below.

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

#### **15.6 Material Contracts**

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

- 15.6.1 the ACD Agreement between the Company and the ACD (which can be provided to Shareholders on request to the ACD).

Details of the above contracts are given under paragraph 6 "Management and Administration".

#### **15.7 Provision of Investment Advice**

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



## 15.8 Telephone Recordings

Telephone calls may be recorded for regulatory, training or monitoring purposes and to confirm investors' instructions.

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

## 15.9 Data Protection

The personal details of each applicant for Shares and each Shareholder will be held by the ACD and/or the Administrator as its agent in accordance with Data Protection Laws for the purposes of carrying out the ACD's agreement with each Shareholder. This may include the transfer of such data to other members of the ACD's group and to other businesses providing services to the ACD (including their offices outside the UK) where the transfer is necessary for the provision of services in relation to the ACD's role as operator of the 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).

## 15.10 Electronic Verification

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

## 15.11 Complaints

Complaints may be brought in writing to the ACD at the address set out in Appendix VI.

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

Exchange Tower, London E14 9SR.

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

Shareholders may be entitled to compensation from the Financial Services Compensation Scheme if the Company cannot meet its obligations. This depends on the type of business and circumstances of the claim. In respect of most types of investment, the first £50,000 is protected in full. Further information about compensation arrangements is available from the Financial Services Compensation Scheme website [www.fscs.org.uk](http://www.fscs.org.uk).

#### **15.12 Risk Management**

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

- 15.12.1 the quantitative limits applying in the risk management of the Company;
- 15.12.2 the methods used in relation to 15.14.1; and
- 15.12.3 any recent development of the risk and yields of the main categories of investment.

#### **15.13 Future disclosures**

The following information will be made available to Shareholders as part of the Company's annual report:

- 15.13.1 the percentage of the Company's assets which are subject to special arrangements arising from their illiquid nature;
- 15.13.2 the current risk profile of the Company and the risk management systems employed by the ACD to manage those risks; and
- 15.13.3 the total amount of leverage employed by the Company, as applicable.

Shareholders will also be provided with information regarding changes to:

- 15.13.4 the maximum level of leverage which a Company, or the ACD on the Company's behalf, may employ; or
- 15.13.5 the rights for re-use of collateral under the Company's leveraging arrangements; or
- 15.13.6 any guarantee granted under the Company's leveraging arrangements.
- 15.13.7 This information will be made available to Shareholders, without undue delay following the occurrence of that change, usually by way of update to this Prospectus. Where required, such change will be preceded by notification to Shareholders.

#### 15.14 **Indemnity**

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

#### 15.15 **Income Equalisation**

- 15.15.1      When an incoming Shareholder purchases a Share during an accounting period, part of the purchase price will reflect the relevant share of accrued income in the NAV of the Company.
- 15.15.2      The first allocation of income in respect of that Share refunds this amount as a return of capital. The amount of income equalisation is calculated by dividing the aggregate of the amounts of income included in the creation price of Shares of the type in question issued or re-issued in a grouping period by the number of those Shares and applying the resulting average to each of the Shares in question.
- 15.15.3      *Grouping for equalisation*  
  
Grouping periods are consecutive periods within each annual accounting period, being the interim accounting periods (including the period from the end of the last interim accounting period in an annual accounting period to the end of that annual accounting period) specified in section 15.15 of this prospectus.
- 15.15.4      If there are no interim accounting periods the periods for grouping of Shares will be annual accounting periods. Grouping is permitted by the Instrument of Incorporation for the purposes of equalisation.

## APPENDIX I

### Details of the Sub-funds

<b>Name:</b>	<b>The Optimal Fund</b>
<b>Launched:</b>	7 January 2021
<b>FCA product reference number</b>	941799
<b>Type of Fund:</b>	Non-UCITS retail scheme
<b>Investment Objective</b>	<p>The Fund aims to generate a return on your investment (generated through an increase in the value of the assets held by the Fund, after fees) over the long term (5 or more consecutive years beginning at the point of investment), by investing in a global portfolio of equity securities.</p> <p>Although the Fund aims to achieve its investment objective, there is no guarantee that this will be achieved. The Fund's capital is 'at risk', meaning that the Fund could suffer a decrease in value and the value of your investment would decrease as a result.</p>
<b>Investment Policy</b>	<p>In seeking to achieve its investment objective, the Fund will invest at least 70% of its total assets in equity securities, or equity-related investments, of liquid companies around the world, including in emerging markets.</p> <p>The Investment Manager uses a quantitatively driven approach to stock selection, and intends to rebalance the portfolio monthly, although at times this may be more-or-less frequent depending on market conditions, the level of investor subscriptions or withdrawals and the costs involved with rebalancing. It is envisaged that this style of management will mean that portfolio turnover will be high, and on average 600% per annum.</p> <p>In exceptional circumstances the manager may choose to invest substantially in cash in order to reduce investment risk and to preserve capital.</p> <p>The Fund may also invest in other asset classes to seek to achieve its investment objective and/or for liquidity purposes. These other asset classes include equity-related investments (i.e. other investments whose value is related to equities), fixed income securities (e.g. bonds) or fixed income related investments (i.e. other investments whose value is related to fixed income securities), transferable securities, money market instruments (i.e. debt securities with short-term</p>

maturities), other collective investment schemes (i.e. other investment funds which may be associated funds), cash, or assets that can be turned into cash quickly (such as deposits).

Derivatives may be used to seek to reduce risk (relevant to the investment objective) within the Fund's portfolio, reduce investment costs and generate additional income for the Fund (often referred to as "efficient portfolio management" or "EPM").

## **Performance Benchmark**

The Investment Association\* Global Sector Average is used by the Investment Manager as a benchmark when reporting the performance of the Sub-fund. This comparator benchmark has been chosen because the ACD has determined that it is representative of the investment universe of the Sub-fund and should be used by shareholders to compare the performance of the Sub-fund. Funds in this sector invest at least 80% of their assets globally in equities and must be diversified by geographic region. If the ACD believes it is in the best interests of the Fund, it will be added to or removed from the sector

\*Many funds sold in the UK are grouped into sectors by the Investment Association (the trade body that represents UK investment managers), to help investors to compare funds with broadly similar characteristics. Some independent data providers prepare and publish performance data on the funds in this sector and you can use this to assess the Sub-fund's performance. The data source will be Financial Express.

The ACD reserves the right to change the Benchmark following consultation with the Depositary and in accordance with the rules of COLL. A change could arise, for example, where the ACD determines that an alternative may be more appropriate or a benchmark administrator has given notification of discontinuance of the benchmark. The Prospectus will be updated and the change noted in the subsequent annual or half yearly reports.

<b>Final accounting date:</b>	30 November
<b>Interim accounting dates:</b>	31 May
<b>Income distribution dates:</b>	31 March (annual) 31 July (interim)
<b>Share Classes and types of shares:</b>	Accumulation: Currently available Income: Currently available
<b>Preliminary charge:</b>	5.0%
<b>Redemption charge:</b>	N/A

<b>Charge on switching:</b>	N/A
<b>Annual management charge:</b>	1.1%
<b>Charges taken from income</b>	<p>Yes* (unless insufficient income is available in which case charges will be taken from capital)</p> <p>*except charges relating directly to the purchase and sale of investments. <b>It should be noted that, where fees are charged to capital, this may result in capital erosion or constrain capital growth.</b></p>
<b>Investment minima*</b>	
<b>Minimum initial investment</b>	£100,000
<b>Minimum holding</b>	£1,000
<b>Minimum top-up</b>	£100,000
<b>Minimum redemption</b>	£1,000
<b>Past Performance</b>	See Appendix V
<b>Investor Profile</b>	<p>1.1 The Company is suitable for long term investors who can afford to set aside the capital for at least five years. If you are uncertain about whether this product is suitable for you, please contact an independent financial adviser.</p> <p>1.2 Investors must be comfortable that the value of investments in the Company can go down as well as up, that capital may be at risk and that performance varies over time and returns are not guaranteed.</p> <p>1.3 Investors should be aware that there is no protection of capital and no guaranteed return and investors can lose the amount invested. Accordingly, Shares are not suitable for:</p> <p>1.3.1 any investor who does not have sufficient resources to bear any loss resulting from the investment;</p> <p>1.3.2 investors who are not prepared to take any risk with their money or put their capital at risk; and/or</p> <p>1.3.3 any investor looking for guaranteed income or a guaranteed total return.</p>

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

## **APPENDIX II**

### **Eligible Securities Markets and Eligible Derivatives Markets**

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

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

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

#### **Eligible Securities Markets:**

<b>COUNTRIES</b>	<b>ELIGIBLE SECURITIES MARKETS</b>
Australia	Australian Securities Exchange (ASX)
Austria	Wiener Borse - Vienna Stock Exchange
Belgium	Brussels Stock Exchange – Bourse de Bruxelles
Brazil	BM&FBOVESPA (B3)
Canada	TSX Venture Exchange
Chile	Santiago Stock Exchange - Bolsa de Comercio de Santiago
China	Shanghai Stock Exchange (SSE) Shenzhen Stock Exchange (SZSE)
Czech Republic	Prague Stock Exchange
Denmark	Nasdaq Copenhagen
Finland	Helsinki Stock Exchange
France	Paris Stock Exchange – Ecole de la Bourse
Germany	Deutsche Borse – Euronext

	Frankfurt Stock Exchange
	Borse Berlin
	Hamburger Borse
	BOAG Borsen - Hamburg & Hannover, common carrier company
	Borse Munchen - Munich Stock Exchange
	Stuttgart Boerse
	Eurex
Greece	Athens Stock Exchange
Hong Kong	Hong Kong Exchanges
Hungary	Budapest Stock Exchange
India	BSE
	National Stock Exchange of India
Indonesia	Indonesia Stock Exchange (ISX - Bursa Efek Indonesia)
Ireland	Euronext Dublin - Irish Stock Exchange
Israel	Tel Aviv SE (TASE)
Italy	Italy Equities Derivatives Market (IDEM) - Borsa Italiana, London Stock Exchange Group
Japan	Stock exchanges of Nagoya, Osaka and Tokyo (JASDAQ Securities Exchange)
Korea	Korean Stock Exchange Incorporated
Malaysia	Bursa Malaysia Securities Bhd
Mexico	Bolsa Mexicana de Valores (BMV)
Netherlands	Amsterdam Stock Exchange
New Zealand	New Zealand Stock Exchange (NZX)
Norway	Oslo Stock Exchange - Oslo Bors
Pakistan	Pakistan Stock Exchange (KSE)
Peru	Lima Stock Exchange - Bolsa de Valores de Lima (BVL)
Philippines	Philippines Stock Exchange
Poland	Warsaw Stock Exchange (WSE)
Portugal	Euronext Lisbon
Qatar	Qatar Stock Exchange (QSE)
Saudi Arabia	The Saudi Stock Exchange Tadawul



Singapore	Singapore Exchange (SGX)
South Africa	JSE Securities Exchange Limited
Spain	MEFF exchange (Renta Variable & Fija) Spanish Exchanges BME (Madrid, Barcelona, Bilbao, Valencia)
Sweden	NASDAQ OMX (Nordic)
Switzerland	SIX Swiss Exchange AG
Taiwan	Taiwan Stock Exchange
Thailand	The Stock Exchange of Thailand (SET)
Turkey	Istanbul SE (ISE) - Borsa Istanbul
United Arab Emirates	NASDAQ Dubai Abu Dhabi Securities Exchange
United Kingdom	Alternative Investment Market
United States of America	1) NASDAQ (the electronic inter-deal quotation system of America operated by the National Association of Securities Dealers Inc);  2) any exchange registered with the Securities and Exchange Commission as a national stock exchange, including the New York Stock Exchange, the American Stock Exchange, and the stock exchanges of Chicago, NYSE Arca and Philadelphia;  3) the market in transferable securities issued by or on behalf of the Government of the United States of America conducted through persons for the time being recognised and supervised by the Federal Reserve Bank of New York and known as primary dealer  4) the Over-the-Counter Market regulated by the National Association of Securities Dealers Inc.
N/A	Clearstream  Euroclear

#### **Eligible Derivatives Markets:**

<b>COUNTRIES</b>	<b>ELIGIBLE DERIVATIVES MARKETS</b>
Italy	Equities Derivatives Market (IDEM) Futures Market for Government Securities (MIF)
Japan	Tokyo Financial Exchange Inc
New Zealand	New Zealand Futures and Options Exchange
Spain	BME Spanish Exchanges

South Africa	South African Futures Exchange
United Kingdom	Euronext.LIFFE OMLX
USA	Chicago Board Options CME Group Inc New York Futures New York Mercantile Philadelphia BOT Kansas BOT.

## **APPENDIX III**

### **Investment and Borrowing Powers of the Company**

#### **1. General**

The Scheme Property of a Sub-fund will be invested with the aim of achieving the investment objective of that Sub-fund but subject to the limits set out in the Sub-fund's investment policy, this Prospectus and the limits set out in Chapter 5 of the COLL Sourcebook ("COLL 5") that are applicable to Non-UCITS retail schemes. These limits apply to each Sub-fund as summarised below.

Normally, a Sub-fund will be fully invested save for an amount to enable redemption of Shares, efficient management of a Sub-fund in relation to its strategic objective, the pursuit of a Sub-fund's investment objectives and other purposes which may be reasonably regarded as ancillary to the investment objectives of the Sub-funds.

This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of a Sub-fund, there may be times when an Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

It is not intended that the Sub-funds will have any interest in any immovable property or tangible movable property.

#### **1.1 Prudent spread of risk**

The ACD must ensure that, taking account of the investment objectives and policies of each Sub-fund, the Scheme Property aims to provide a prudent spread of risk.

#### **1.2 Cover**

1.2.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in 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 a Sub-fund under any other of those rules has also to be provided for.

1.2.2 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:

1.2.2.1 it must be assumed that in applying any of those rules, a Sub-fund must also simultaneously satisfy any other obligation relating to cover; and

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

## 2. **Non-UCITS retail schemes - general**

2.1 Subject to the investment objective and policy of a Sub-fund, the Scheme Property must, except where otherwise provided in COLL 5 only consist of any or all of:

2.1.1 transferable securities;

2.1.2 money-market instruments;

2.1.3 units or shares in permitted collective investment schemes;

2.1.4 permitted derivatives and forward transactions;

2.1.5 permitted deposits;

2.1.6 permitted immovables; and

2.1.7 gold up to a limit of 10% in value of the Scheme Property of the Sub-funds.

2.2 Transferable securities and money-market instruments held within a Sub-fund must (subject to paragraph 2.2.4 of this Appendix) be:

2.2.1 admitted to or dealt on an eligible market as described below;

2.2.2 be approved money-market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraph 8 in this Appendix;

2.2.3 recently issued transferable securities provided that:

2.2.3.1 the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and

2.2.3.2 such admission is secured within a year of issue.

2.2.4 subject to a limit of 20% in value of the Scheme Property be:

2.2.4.1 transferable securities which are not within paragraph 2.2.1 to 2.2.3; or

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

2.3 The requirements on spread of investments generally and in relation to investment in government and public securities do not apply during any period in which it is not reasonably practical to comply, provided that the requirement to maintain prudent spread of risk in paragraph 1.1 of this Appendix is complied with.

2.4 Up to 5% of the Scheme Property of the Sub-funds may be invested in warrants.

2.5 Criteria for investment in transferable securities

- 2.5.1 A Sub-fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
  - 2.5.1.1 the potential loss which that Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 2.5.1.2 its liquidity does not compromise the ACD's ability to comply with its obligations to redeem units at the request of any qualifying shareholder;
  - 2.5.1.3 reliable valuation is available for it as follows:
    - (a) in the case of a transferable security admitted to or dealt in on an eligible market (see further paragraph 3 below for an explanation of eligible market) where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - (b) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
  - 2.5.1.4 appropriate information is available for it as follows:
    - (a) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - (b) in the case of a transferable security not admitted to or dealt in on an eligible market where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 2.5.1.5 it is negotiable; and
  - 2.5.1.6 its risks are adequately captured by the risk management process of the ACD.
- 2.5.2 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:
  - 2.5.2.1 not to compromise the ability of the ACD to comply with its obligations to redeem shares at the request of any qualifying shareholder; and
  - 2.5.2.2 to be negotiable.

## 2.6 Closed ended funds constituting transferable securities

- 2.6.1 A unit in a closed ended fund shall be taken to be a transferable security for the purposes of investment by a Sub-fund, provided it fulfils the criteria for transferable securities set out in paragraph 2.5 above and either:
- 2.6.1.1 where the closed ended fund is constituted as an investment company or a unit trust:
    - (a) it is subject to corporate governance mechanisms applied to companies; and
    - (b) where another person carries out asset management activity on its behalf that person is subject to national regulation for the purpose of investor protection; or
  - 2.6.1.2 where the closed ended fund is constituted under the law of contract:
    - (a) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - (b) it is managed by a person who is subject to national regulation for the purpose of investor protection.

## 2.7 Transferable securities linked to other assets

- 2.7.1 A Sub-fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by that Sub-fund provided the investment:
- 2.7.1.1 fulfils the criteria for transferable securities set out in paragraph 2.5 above; and
  - 2.7.1.2 is backed by or linked to the performance of other assets which may differ from those in which that Sub-fund can invest.
- 2.7.2 Where an investment in paragraph 2.7.1 contains an embedded derivative component (see COLL 5.2.19R (3A)), the requirements of this Appendix and the FCA Rules with respect to derivatives and forwards will apply to that component.

## 2.8 Types of transferable security

- 2.8.1 A transferable security is an investment which is a share, a debenture, an alternative debenture, a government and public security, a warrant, or a certificate representing certain securities (as such terms are defined in the FCA Glossary).
- 2.8.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 2.8.3 In applying paragraph 2.8.2 to an investment which is issued by a body corporate, and which is a share or a debenture (as such terms are defined in the FCA Glossary), the need for any consent on the part of the body corporate or any members or debenture holders of it may

be ignored.

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

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

- 3.1 To protect investors the markets on which investments of a Sub-fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.
  - 3.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
  - 3.3 A market is eligible for the purposes of the rules if it is:
    - 3.3.1 a regulated market as defined in the FCA Handbook; or
    - 3.3.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public.
  - 3.4 A market not falling within paragraph 3.3 of this Appendix is eligible for the purposes of COLL 5 if:
    - 3.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
    - 3.4.2 the market is included in a list in the Prospectus; and
    - 3.4.3 the Depositary has taken reasonable care to determine that:
      - 3.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
      - 3.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
  - 3.5 In paragraph 3.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
- ### 4. **Spread: general**
- 4.1 This paragraph does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 5 applies.
  - 4.2 The specific limits are set out as follows:
    - 4.2.1 Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of deposits with a single body.

- 4.2.2 Not more than 10% in value of the Scheme Property of a Sub-fund is to consist of transferable securities or money-market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).
- 4.2.3 The limit of 10% in paragraph 4.2.2 above is raised to 25% in value of the Scheme Property of a Sub-fund in respect of covered bonds (none of the Sub-funds currently invest in covered bonds).
- 4.3 In applying paragraph 4.2.2, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 4.4 Not more than 35% in value of the Scheme Property of a Sub-fund is to consist of the units or shares of any one collective investment scheme.
- 4.5 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property of a Sub-fund.
- 4.6 For the purpose of calculating the limit in paragraph 4.5, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:
  - 4.6.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;
  - 4.6.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;
  - 4.6.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and
  - 4.6.4 can be fully enforced by a Sub-fund at any time.
- 4.7 For the purposes of calculating the limits in paragraph 4.6, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:
  - 4.7.1 comply with the conditions set out in Part Three, Title II, Chapter 6, Section 7 (Contractual netting (Contracts for novation and other netting agreements)) of the UK CRR; and
  - 4.7.2 are based on legally binding agreements.
- 4.8 In applying this paragraph (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:
  - 4.8.1 it is backed by an appropriate performance guarantee; and
  - 4.8.2 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.
- 4.9 For the purposes of this rule a single body is (a) in relation to transferable securities and money market instruments, the person by whom they are issued; and (b) in relation to deposits, the person with whom they are placed.



5. **Spread: government and public securities**
- 5.1 The following applies in respect of transferable securities or approved money-market instruments ("such securities") that are issued or guaranteed by:
  - 5.1.1 the UK or an EEA State;
  - 5.1.2 a local authority of the UK or an EEA State;
  - 5.1.3 a non-UK or non-EEA State; or
  - 5.1.4 a public international body to which the UK or one or more EEA States belong.
- 5.2 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.
- 5.3 **The Company or any Sub-fund may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:**
  - 5.3.1 **the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of a Sub-fund;**
  - 5.3.2 **no more than 30% in value of the Scheme Property of a Sub-fund consists of such securities of any one issue;**
  - 5.3.3 **the Scheme Property of a Sub-fund includes such securities issued by that or another issuer, of at least six different issues;**
  - 5.3.4 **the disclosures in the Prospectus required by the FCA have been made.**
- 5.4 In relation to such securities:
  - 5.4.1 issue, issued and issuer include guarantee, guaranteed and guarantor; and
  - 5.4.2 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.
- 5.5 Notwithstanding paragraph 4.1 and subject to paragraph 4.2.1 and paragraph 4.9 above, in applying the 20% limit in paragraph 4.2.1 with respect to a single body, such securities issued by that body shall be taken into account.
6. **Investment in collective investment schemes**
- 6.1 Up to 100% of the value of the Scheme Property of a Sub-fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided that the Second Scheme satisfies all of the requirements of paragraphs 6.1.1 to 6.1.5.
  - 6.1.1 The Second Scheme must:

- 6.1.1.1 be a UCITS Scheme or a scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
- 6.1.1.2 be authorised as a Non-UCITS retail scheme; or
- 6.1.1.3 be a recognised scheme (as defined in the FCA Glossary); or
- 6.1.1.4 be constituted outside the UK and have investment and borrowing powers which are the same or more restrictive than those of a Non-UCITS retail scheme; or
- 6.1.1.5 be a scheme not falling within paragraphs 6.1.1.1 to 6.1.1.4 and in respect of which no more than 20% in value of the Scheme Property (including any transferable securities which are not approved securities) is invested.
- 6.1.2 The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.
- 6.1.3 The Second Scheme is prohibited from having more than 15% in value of the property of that scheme consisting of units or shares in collective investment schemes.
- 6.1.4 The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net value of the property to which the units or shares relate and determined in accordance with the scheme.
- 6.1.5 Where the Second Scheme is an umbrella, the provisions in paragraphs 6.1.2 to 6.1.4 and COLL 5.6.7 R (Spread: general) apply to each sub-fund as if it were a separate scheme.
- 6.2 Investments may only be made in other collective investment schemes managed by the ACD or an Associate of the ACD if the Prospectus of the Company clearly states that the Sub-funds may enter into such investments and the rules on double charging contained in the COLL Sourcebook are complied with.
- 6.3 The Sub-funds may, subject to the limit set out in paragraph 6.1 above, invest in, or dispose of: (a) units in another collective investment scheme which is managed or operated by, or whose authorised corporate director is, the ACD of the Sub-funds or one of its Associates, or (b) units in another Sub-fund of the same umbrella of the Company, provided that the requirements of COLL 5.2.16(R) have been met in respect of that investment or disposal.
- 6.4 Where a substantial proportion of the Sub-fund's assets are invested in other collective investment schemes the maximum level of management fees that may be charged to the Sub-fund, and to the other collective investment schemes in which it invests, should not exceed 2.5% per annum plus VAT (if applicable).
- 7. **Investment in nil and partly paid securities**
- 7.1 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 a Sub-fund, at the time when payment is required,

without contravening the rules in COLL 5.

## **8. Investment in money-market instruments**

- 8.1 A Sub-fund may invest up to 100% in money-market instruments which are within the provisions of paragraph 2.2 above or paragraph 8.2 below and subject to the limit of 20% referred to in paragraph 2.2.4 above, which are normally dealt in or on the money-market, are liquid and whose value can be accurately determined at any time.
- 8.2 In addition to instruments admitted to or dealt in on an eligible market, a Sub-fund may invest in an approved money-market instrument provided it fulfils the following requirements:
- 8.2.1 the issue or the issuer is regulated for the purpose of protecting investors and savings; and
  - 8.2.2 the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.
- 8.3 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:
- 8.3.1 the instrument is an approved money-market instrument;
  - 8.3.2 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 COLL 5.2.10CR; and
  - 8.3.3 the instrument is freely transferable.

## **9. Derivatives: general**

**The Investment Manager may employ derivatives for the purposes of hedging with the aim of reducing the risk profile of the Sub-funds, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management. It is not intended that the use of derivatives to reduce costs or generate additional capital or income will cause the risk profile of the Sub-funds to change.**

- 9.1 A transaction in derivatives or a forward transaction must not be effected for a Sub-fund unless the transaction is of a kind specified in paragraph 11 below (Permitted transactions (derivatives and forwards)); and the transaction is covered, as required by paragraph 18 (Cover for transactions in derivatives and forward transactions).
- 9.2 Where a Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.6.7R Spread: general, COLL 5.6.8R Spread: government and public securities) except for index based derivatives where the rules in paragraph 9.6 apply.
- 9.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.

- 9.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 9.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 9.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 9.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 9.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 9.6 Where a Sub-fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.23R (Schemes replicating an index) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

## 10. **Efficient Portfolio Management**

- 10.1 The Company may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.
- 10.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:
- 10.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or
  - 10.2.2 Transactions for the generation of additional capital growth or income for a Sub-fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

- 10.2.2.1 pricing imperfections in the market as regards the property which a Sub-fund holds or may hold; or
- 10.2.2.2 receiving a premium for the writing of a covered call option or a cash covered put option on property of a Sub-fund which the Company is willing to buy or sell at the exercise price, or
- 10.2.2.3 stock lending arrangements.

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

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

## 11. **Permitted transactions (derivatives and forwards)**

- 11.1 A transaction in a derivative must be:

- 11.1.1 in an approved derivative; or
- 11.1.2 be one which complies with paragraph 15 (OTC transactions in derivatives).

- 11.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Sub-fund is dedicated:

- 11.2.1 transferable securities;
- 11.2.2 money-market instruments;
- 11.2.3 deposits;
- 11.2.4 permitted derivatives under this paragraph;
- 11.2.5 collective investment scheme units permitted under paragraph 6 (Investment in collective investment schemes);
- 11.2.6 permitted immovables;
- 11.2.7 gold;
- 11.2.8 financial indices which satisfy the criteria set out in COLL 5.2.20R;
- 11.2.9 interest rates;
- 11.2.10 foreign exchange rates; and

- 11.2.11 currencies.
- 11.3 The exposure to the underlyings in paragraph 11.2 above must not exceed the limits in paragraphs 4 and 5 above.
- 11.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 11.5 A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 11.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 14.2 are satisfied.
- 11.7 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 12. **Financial indices underlying derivatives**
  - 12.1 The financial indices referred to in paragraph 12.3 are those which satisfy the following criteria:
    - 12.1.1 the index is sufficiently diversified;
    - 12.1.2 the index represents an adequate benchmark for the market to which it refers; and
    - 12.1.3 the index is published in an appropriate manner.
  - 12.2 A financial index is sufficiently diversified if:
    - 12.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
    - 12.2.2 where it is composed of assets in which a Sub-fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
    - 12.2.3 where it is composed of assets in which a Sub-fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
  - 12.3 A financial index represents an adequate benchmark for the market to which it refers if:
    - 12.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
    - 12.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are

publicly available; and

- 12.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

12.4 A financial index is published in an appropriate manner if:

- 12.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

- 12.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

12.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 12.3 be regarded as a combination of those underlyings.

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

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

### 14. **Requirement to cover sales**

14.1 No agreement by or on behalf of a Sub-fund to dispose of property or rights (except for a deposit) may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by a Sub-fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by a Sub-fund at the time of the agreement.

14.2 The above does not apply where:

- 14.2.1 the risks of the underlying financial instrument of a derivative can be appropriately represented by another financial instrument and the underlying financial instrument is highly liquid; or

- 14.2.2 the ACD or the Depositary has the right to settle the derivative in cash and cover exists within the Scheme Property of a Sub-fund which falls within one of the following asset classes:

- 14.2.2.1 cash;

- 14.2.2.2 liquid debt instruments (e.g. government bonds of first credit rating) with appropriate safeguards (in particular, haircuts); or

- 14.2.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments,

subject to appropriate safeguards (e.g. haircuts where relevant).

- 14.3 In the asset classes referred to in paragraph 14.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the financial instrument on its own market.

15. **OTC transactions in derivatives**

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

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

15.1.2 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 transaction to sell, liquidate or close out that transaction at any time, at a fair value; and

15.1.3 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:

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

15.1.3.2 if the value referred to in paragraph 15.1.3.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

15.1.4 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:

15.1.4.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or



- 15.1.4.2 a department within the ACD which is independent from the department in charge of managing the Scheme Property of a Sub-fund and which is adequately equipped for such a purpose.
- 15.2 For the purposes of paragraph 15.1.2, "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.
- 15.3 The jurisdictions that fall within paragraph 15.1.1 are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.
- 16. **Risk management**
- 16.1 The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of a Sub-fund's positions and their contribution to the overall risk profile of a Sub-fund.
- 17. **Investments in deposits**
- 17.1 **A Sub-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.**
- 18. **Cover for transactions in derivatives and forward transactions**
- 18.1 A Sub-fund may invest in derivatives and forward transactions as long as the exposure to which a Sub-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.
- 18.2 Cover ensures that a Sub-fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of its Scheme Property. Therefore, a Sub-fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which a Sub-fund is committed. Detailed requirements for cover of a Sub-fund are set out below.
- 18.3 A future is to be regarded as an obligation to which a Sub-fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for; a written option as an obligation to which a Sub-fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).
- 18.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.
- 18.5 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 18.6 Exposure is covered globally if adequate cover from within the Scheme Property

is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.

18.7 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.

18.8 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.

18.9 The global exposure relating to derivatives held in a Sub-fund may not exceed the net value of the Scheme Property.

## 19. **Borrowing**

19.1 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 paragraph 18 of this Appendix as long as the normal limits on borrowing (see below) are observed.

19.2 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 their agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 23 (General power to borrow) of this Appendix do not apply to that borrowing.

## 20. **Cash and near cash**

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

20.1.1 the pursuit of a Sub-fund's investment objectives; or

20.1.2 the redemption of Shares; or

20.1.3 efficient management of a Sub-fund in accordance with its investment objectives; or

20.1.4 other purposes which may reasonably be regarded as ancillary to the investment objective of a Sub-fund.

## 21. **General**

21.1 It is envisaged that a Sub-fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of Shares, efficient management of a Sub-fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.

21.2 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to the Company by the close of business on the fourth Business Day the amount of any preliminary charge in

respect of a purchase, and in the case of a sale, any charge made for the disposal.

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

## **22. Underwriting**

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

## **23. General power to borrow**

- 23.1 The ACD may, on the instructions of the Company and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation.
- 23.2 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of each Sub-fund.
- 23.3 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

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

- 24.1 None of the money in the Scheme Property may be lent and, for the purposes of this paragraph, money is lent by the Company if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 24.2 Acquiring a debenture is not lending for the purposes of paragraph 24.1 nor is the placing of money on deposit or in a current account.

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

- 25.1 Scheme Property other than money must not be lent by way of deposit or otherwise.
- 25.2 Nothing in this paragraph prevents the Company or the Depositary at the request of the Company from lending, depositing, pledging or charging Scheme Property for margin requirements where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5.
- 25.3 Where transactions in derivatives or forward transactions are used for the account of the Company in accordance with COLL 5, nothing in this paragraph prevents the Company or the Depositary at the request of the Company: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including

in relation to the level of margin) provide appropriate protection to Shareholders.

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

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

**27. Guarantees and indemnities**

- 27.1 The Company or the Depositary for the account of the Company or a Sub-fund must not provide any guarantee or indemnity in respect of the obligation of any person.
- 27.2 None of the Scheme Property of a Sub-fund may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 27.3 Paragraphs 27.1 and 27.2 do not apply in respect of a Sub-fund to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, and:
- 27.3.1 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
  - 27.3.2 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
  - 27.3.3 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 a Sub-fund and the holders of Shares in that scheme become the first Shareholders in a Sub-fund.

## APPENDIX IV

### LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES OPERATED BY THE ACD

#### **Authorised Contractual Schemes**

TM Brunel Pension  
Partnership ACS

#### **Authorised Open-Ended Investment Companies**

Abaco Fund ICVC  
Arch House Fund  
Ariel Fund  
Bryth ICVC  
Canterbury Investment Fund  
CP Investment Funds  
Destiny Fund ICVC  
Harroway Capital ICVC  
Hawarwatza Fund  
Libero Portfolio Fund  
Lime Grove Fund  
Meadowgate Funds  
Mellifera OEIC  
Moulsoe Fund  
Scarp Fund  
Seymour Fund  
Skiwi Fund  
The Ambrose Fund  
The Astral Fund  
The Capital Link Growth Fund  
The Contact Fund  
The Diversification Fund ICVC  
The Dunnottar Fund  
The Global Multi Asset Fund  
The Hector Fund  
The Juniper Fund  
The Lockerley Fund  
The Mazener Fund  
The MCMLXIII Fund  
The Motim Fund  
The Northern Funds  
The Oenoke Fund  
The Ord Fund ICVC  
The Overstone Fund  
The Penare Fund  
The Redhill Fund  
The Saint Martins Fund  
The Staderas Fund  
The Stratford Fund  
The Sun Portfolio Fund  
The TBL Fund  
The TM Lancewood Fund  
The TM Mitcham Fund  
The Torridon Growth Fund  
The Vinings Fund  
The Wharton Fund

#### **Authorised Unit Trusts**

BPM Trust  
Eden Investment Fund  
Elfyenn International Trust  
Glenhuntley Portfolio Trust  
Hawthorn Portfolio Trust  
KES Diversified Trust  
KES Ivy Fund  
KES Growth Fund  
KES Income and Growth Fund  
KES Strategic Investment Fund  
Latour Growth Fund  
Lavaud Fund  
Malachite Return Fund  
Mossylea Fund  
Pippin Return Fund  
The Argo Fund  
The Blandfield Fund  
The Castor Fund  
The Delta Growth Fund  
The Deribee Funds  
The Eldon Fund  
The Endeavour II Fund  
The Hall Fund  
The HoundStar Fund  
The Iceberg Trust  
The Maiden Fund  
The Millau Fund  
The Norfolk Trust  
The Notts Trust  
The Palfrey Fund  
The TM Stockwell Fund  
The White Hill Fund  
Thesis Headway Fund  
Thesis Lion Growth Fund  
Thesis PM A Fund  
Thesis PM B Fund  
Thesis Thameside Managed Fund  
TM Chainpoint Fund  
TM Gravis UK Listed Property (Feeder) Fund  
TM Growth Fund  
TM Hearthstone UK Residential Feeder Fund  
TM Managed Fund  
TM Masonic Charitable Foundation Investment

**Authorised Contractual Schemes****Authorised Open-Ended Investment Companies**

Thesis JDS Fund  
TM Acer Fund  
TM Admiral Fund  
TM Balanced Growth Fund  
TM Brickwood Funds  
TM Brown Advisory Funds  
TM Brunsdon OEIC  
TM Castlefield Funds  
TM Castlefield Portfolio Funds  
TM Cerno Investment Funds  
TM Cresswell Fund  
TM First Arrow Investment Funds  
TM Gravis Funds ICVC  
TM Gravis Real Assets ICVC  
TM Hearthstone ICVC  
TM Investment Exposures Fund  
TM James Hambro Umbrella Fund  
TM Lime Fund  
TM Natixis Investment Funds U.K. ICVC  
TM Oak Fund  
TM Oberon Funds ICVC  
TM OEIC  
TM Optimal Funds  
TM P1 Investment Funds  
TM Redwheel Funds  
TM Ruffer Portfolio  
TM Sanford DeLand Funds  
TM Stonehage Fleming Global Multi-Asset Umbrella Fund  
TM Stonehage Fleming Investments Funds  
TM Timeline NURS Funds  
TM Total Return Fund  
TM UBS (UK) Fund  
TM Veritas Investment ICVC  
Trowbridge Investment Funds  
Vastata Fund

**Authorised Unit Trusts**

Fund  
TM Merlin Fund  
TM New Court Fund  
TM New Court Growth Fund  
TM New Court Return Assets Fund  
TM New Institutional World Fund  
TM Preservation Fund  
TM Private Portfolio Trust  
TM Stonehage Fleming Global Equities Fund  
TM Stonehage Fleming Global Equities Umbrella Fund

## APPENDIX V

### Past Performance

The comparisons in the table below are based on performance over a five year period and show the total annual return up to 31 December for each year listed.

There is not a complete five year record for the Company as the Company was launched on 7 January 2021. Where data is not yet available, the table is marked "N/A".

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

	<b>2020</b> (%)	<b>2021</b> (%)	<b>2022</b> (%)	<b>2023</b> (%)	<b>2024</b> (%)
The Optimal Fund	N/A	N/A	-24.71	13.87	25.31

*Source of performance data - Morningstar.*

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

**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 VI

### Directory

<b>The Company Head Office and registered office:</b>	<b>TM Optimal Funds</b> Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP
<b>Authorised Corporate Director:</b>	<b>Thesis Unit Trust Management Limited</b> Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP
<b>Depository:</b>	<b>NatWest Trustee and Depository Services Limited</b> House A, Floor 0, Gogarburn, 175 Glasgow Rd, Edinburgh EH12 1HQ
<b>Investment Manager:</b>	<b>Thesis Asset Management Limited</b> Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP <a href="http://www.thesisam.com">www.thesisam.com</a>
<b>Administrator, Registrar and Fund Accountant:</b>	<b>Northern Trust Global Services SE, UK Branch</b> 50 Bank Street, Canary Wharf, London E14 5NT
<b>Dealing Office:</b>	<b>Thesis Unit Trust Management Limited</b> Sunderland SR43 4AZ  Tel: 0333 300 0375
<b>Custodian</b> <i>Principal place of business:</i>  <i>Who may also act under this power through its London branch:</i>	<b>The Northern Trust Company</b> 50 South LaSalle Street, Chicago, Illinois USA  50 Bank Street, Canary Wharf, London E14 5NT
<b>Auditors:</b>	<b>Deloitte LLP</b> 110 Queen Street, Glasgow G1 3BX
<b>The Financial Conduct Authority (FCA):</b>	12 Endeavour Square, London E20 1JN