



## PROSPECTUS OF TM Stonehage Fleming Global Equities Fund II

This document is the Prospectus of the **TM Stonehage Fleming Global Equities Fund II** and is dated and valid as at 1 February 2023. This document replaces any previous prospectuses issued by the Fund.

It has been prepared in accordance with the rules contained in the Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook, which form part of the FCA Handbook and complies with requirements of COLL 4.2.5R and FUND 3.2.2R.

A copy of the Prospectus has been sent to the Financial Conduct Authority and to the Trustee in accordance with the Sourcebook

## IMPORTANT INFORMATION

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

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

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 The Fund cannot be bound by an out of date prospectus when it has issued a new prospectus and investors should check with the Manager that this is the most recently published Prospectus.

**Potential investors should consider the below Risk Factors. There are specific risks, in relation to the Fund, elsewhere in the Prospectus. Investors should consider before investing in the Fund.**

### RISK FACTORS

An investment in the Fund involves a degree of risk and the risk factors which potential investors should consider before investing include the following:

- Collective investment schemes should be regarded as long term investments.
- The value of the Units in the Fund is based upon the value of the underlying investments.
- The value of those investments and the income from them and consequently the value of the Units and the income from them can go down as well as up and are not guaranteed.
- Past performance is not necessarily a guide to future performance.
- The Fund may invest in currencies other than sterling. As a result, exchange rate changes may cause the value of overseas investments to rise or fall, and the value of the Units to go up or down.
- Investors may not get back the amount originally invested.
- **Taxation Risk** - Whilst every effort is made to ensure that the taxation information provided herein is accurate and up to date, some of the information may be rendered inaccurate by changes in applicable laws and regulations. For example, the levels and bases of taxation may change. Any reference to taxation relies upon information currently in force. You should note that the bases and rates of taxation may change at any time. A change to the Fund's tax status or changes to the applicable tax legislation in the markets to which the Fund has exposure could affect the value of a Unitholder's Units.
- **Smaller Companies Risk** - A fund which invests in smaller companies may fluctuate in value more than other funds. Smaller companies may offer greater opportunities for capital appreciation than larger companies, but may also involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group and fewer independent board members. Securities of smaller companies may, especially during periods where markets are falling, become less liquid and experience short-term price volatility and wide spreads between dealing prices. They may also trade in the OTC market or on a regional exchange, or may otherwise have limited liquidity. Consequently investments in smaller companies may be more vulnerable to adverse developments than those in larger companies and more difficulty may be encountered establishing or closing out securities positions in smaller companies at prevailing market prices. Also, there may be less publicly available information about smaller companies or less market interest in the securities,

and it may take longer for the prices of the securities to reflect the full value of the issuers' earning potential or assets.

- **Emerging Market Risk** - The Fund may invest in other funds that have exposure to investments in emerging markets and this may involve a higher than average risk. Companies in emerging markets may not be subject:
  - to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets; or
  - to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions. Substantial government involvement in, and influence on, the economy may affect the value of securities and the currency in certain emerging markets. The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.

- **Liquidity Risk** - Liquidity risk exists when particular investments are difficult to purchase or sell. Investments in illiquid securities may reduce the returns of the Fund because it may not be possible to sell the illiquid securities at an advantageous time or price. Investments in foreign securities, derivatives or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Illiquid securities may be highly volatile and difficult to value.
- **Risks associated with Tax Reporting** - The Fund is required to comply with extensive reporting and withholding requirements under the International Tax Compliance Regulations 2015 (the "Tax Compliance Regulations") and Unitholders may be requested to provide additional information to the Fund to enable the Fund to satisfy these obligations. The Tax Compliance Regulations give effect to an intergovernmental agreement between the US and the United Kingdom in relation to the Foreign Account Tax Compliance Act which is designed to inform the US department of Treasury of US-owned foreign investment accounts. Failure to comply with these requirements will subject the Fund to US withholding taxes on certain US-sourced income and gains. The US Department of Treasury may issue new requirements on the mechanics and scope of this reporting and withholding regime. There can be no assurance as to the timing or impact of any such guidance on future operations of the Fund. The Tax Compliance Regulations also give effect to reporting obligations under the Organisation for Economic Co-Operation and Development's Common Reporting Standard for the Automatic Exchange of Financial Account Information (the "CRS"). Under the CRS, the Fund is required to identify accounts maintained for account holders who are tax resident in the EU or jurisdictions with which the UK has entered into an agreement to automatically exchange tax information and collect and report such information to HM Revenue and Customs.
- **Derivative Risk** - There is no guarantee that the performance of financial derivative instruments invested in will result in a positive effect for the Fund and its investors. The use of financial derivative instruments may result in losses for investors. There is no guarantee that the Fund will achieve the objective for which it entered into a transaction in relation to EPM.
- **Counterparty Risk** - Many of the instruments that the Fund expects to hold may be subject to the risk that the other party to a contract will not fulfil its contractual obligations. The Fund may enter into derivatives transactions or place cash in bank deposit accounts, which would expose the Fund to the credit of its counterparties and their ability to satisfy the terms of such contracts. In the event of a bankruptcy or insolvency of a counterparty, the Fund could experience delays in liquidating positions and significant losses, including declines in the value of investments during the period in which the Fund seeks to enforce its rights, inability to realise any gains on its investments during such period and fees and expenses incurred in enforcing its rights.

- **Counterparty Risk in OTC Derivative Transactions** - Where the Fund invests in over-the-counter derivatives, there is increased risk that a counterparty may fail to honour its contract. If a counterparty defaults, the Fund may suffer losses as a result.
- **Warrants Risk** - The Fund may, subject to the Rules, invest in warrants. A warrant is a time-limited right (but not an obligation) to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be highly volatile.
- **Legal Risk** – where contractual relationships are entered into for the purpose of investment, the Manager endeavours to enter into agreements that are based on the laws of England and Wales but it is recognised that in a global environment this cannot always be achieved.
- **Leverage risk** - this exists when the Fund purchases or sells an instrument or enters into a transaction without investing cash in an amount equal to the full economic exposure of the instrument or transaction and the Fund could lose more than it invested. Leveraged transactions multiply the risk of potential losses when position results are contrary to expected market directions, compared to direct holdings, and may add significant risks because of added payment obligations.
- **Data Protection** - The personal details of each applicant for Units and each Unitholder will be held by the Manager and/or the Administrator as its agent in accordance with Data Protection Laws for the purposes of carrying out the Manager’s agreement with each Unitholder. This may include the transfer of such data to other members of the Manager’s group and to other businesses providing services to the Manager (including their offices outside the UK) where the transfer is necessary for the provision of services in relation to the Manager’s role as operator of the Fund. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the UK. In these instances the Manager will take steps to ensure that your privacy rights are respected. Unitholders have the right to access their personal data processed by the Manager together with (in certain circumstances) the right to object to the processing of such data for legitimate reasons. A copy of the Manager’s Privacy Notice relating to investors is available at [www.tutman.co.uk](http://www.tutman.co.uk) or on request from request from compliance@tutman.co.uk.
- **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 Manager must check your identity and the source of the money invested. The Manager 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 Units you are giving the Manager permission to ask for this information in line with Data Protection Laws. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the Manager with your application.
- **Custody Risk** - The Trustee may delegate the function of safekeeping of Financial Instruments to the Custodian, who may in turn appoint a custody agent. The Trustee or Custodian may hold Financial Instruments in fungible accounts (meaning the assets are interchangeable) or omnibus accounts (resulting in accounts being combined). The use of omnibus accounts gives rise to a potential risk that there could be a shortfall in the Financial Instruments held in such an account should the total of the Financial Instruments

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

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

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

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## 1. INTRODUCTION

This document is the Prospectus of the TM Stonehage Fleming Global Equities II (Trust). In this Prospectus the words and expressions below shall have the following meanings:

### DEFINITIONS

ACT	the Financial Services and Markets Act 2000 as amended or replaced from time to time
ADMINISTRATOR	the person to whom the administrative functions of the Fund are delegated from time to time being, as at the date of this Prospectus, Northern Trust Global Services SE, UK Branch
AFFECTED UNITS	the circumstances described under section entitled 'Restrictions, Compulsory Transfer and Redemption' of this Prospectus
AIF	an Alternative Investment Fund
AIFM	an Alternative Investment Fund Manager
AIFMD	the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No. 1060/2009 and (EU) No. 1095/2010
AIFMD Level 2 regulation	has the meaning as set out in the FCA Glossary
AIFMD UK regulation	the Alternative Investment Fund Managers Regulations 2013
ANNUAL ACCOUNTING DATE	2 April
ANNUAL MANAGEMENT CHARGE	the charge payable to the Manager as set out in Appendix III
APPROVED BANK	(in relation to a bank account opened by the Fund):  (a) if the account is opened at a branch in the UK:  (i) the Bank of England; or  (ii) the central bank of a member state of the OECD; or  (iii) a bank; or  (iv) a building society; or  (v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or  if the account is opened elsewhere:



	<p>(i) a bank in (a); or</p> <p>(ii) a bank which is regulated in the Isle of Man or the Channel Islands; or</p> <p>(c) a bank supervised by the South African Reserve Bank; or</p> <p>(d) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator</p> <p>as such definition may be updated in the FCA Glossary</p>
AUDITORS	the auditor to the Fund, being PriceWaterhouseCoopers LLP
BASE CURRENCY	the currency in which the Units, the accounts and the Unitholder's statement will be expressed (in each case GBP(£))
BUSINESS DAY	any day which is not a Saturday, a Sunday or a public holiday on which banks are ordinarily open for business in the City of London
CCP	as defined in the FCA Glossary
COLL Sourcebook	the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time
CTA 2009	the Corporation Tax Act 2009
CUSTODIAN	the person responsible for the custodial functions of the Fund (which may be delegated from time to time to sub-custodians) being, as at the date of this Prospectus The Northern Trust Company, London Branch
CUT OFF POINT	12 noon on each Business Day being the point prior to which orders to subscribe, redeem or convert Units must be received by the Manager in order for them to be actioned at the next valuation point;
DATA PROTECTION LAWS	<p>all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances:</p> <p>(a) the UK GDPR;</p> <p>(b) the Data Protection Act 2018;</p> <p>(c) any laws which implement any such laws; and</p> <p>(d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus); and</p> <p>(e) all guidance, guidelines and codes of practice issued by any</p>

	relevant supervisory authority relating to such Data Protection Laws (in each case whether or not legally binding)
DEPOSITARY	Northern Trust Investor Services Limited
EEA	the European Economic Area
EEA STATE	a member state of the European Union and any other state which is within the EEA
ELIGIBLE INSTITUTION	one of the eligible institutions as defined in the FCA Glossary
EMIR	as defined in the FCA Glossary
EPM	Efficient Portfolio Management
EU	the European Union
EUWA	as defined in the FCA Glossary
FATCA	the Foreign Account Tax Compliance Act (US)
FCA	the Financial Conduct Authority or any successor body. The address for the Financial Conduct Authority is set out in the directory of this Prospectus
FCA GLOSSARY	the glossary to the FCA Handbook as amended from time to time
FCA HANDBOOK	the FCA Handbook of Rules and Guidance, as amended, updated or replaced from time to time
FCA RULES	the rules from time to time contained in COLL and FUND but, for the avoidance of doubt, not including guidance or evidential requirements contained in either
FINANCIAL INSTRUMENT	as defined in the FCA Glossary
FUND	TM Stonehage Fleming Global Equities Fund II
FUND Sourcebook	the rules contained in the Investment Funds Sourcebook published by the FCA as part of their handbook of rules made under the Act for the time being in force (as amended or replaced)

GROSS DIVIDEND	the aggregate of a dividend distribution and its corresponding tax credit, as described under section entitled 'Taxation of Unitholders' of this Prospectus
HOME STATE	as defined in the FCA Glossary
INCOME UNIT	A Unit which distributes its income
INTERIM ACCOUNTING DATE	2 October
INVESTMENT MANAGER	Stonehage Fleming Investment Management Limited and its successor or successors as investment manager to the Fund
MANAGER	Thesis Unit Trust Management Limited and its successor or successors as manager of the Fund
NAV	net asset value
Non-UCITS retail scheme	an authorised fund which is neither a UK UCITS nor a qualified investor scheme
NURS	Non-UCITS Retail Scheme, i.e. an authorised fund which is not a UCITS scheme
OCF	ongoing charges figure
OECD	the Organisation for Economic Co-operation and Development
OTC	over the counter
PRN	the product reference number assigned by the FCA to identify each authorised fund;
REGISTER	the register of unitholders of the Fund
REGISTRAR	the person who maintains the Register, being Northern Trust Global Services SE, UK Branch and its successor or successors as registrar
RELEVANT CIRCUMSTANCES	the circumstances described under section entitled 'Restrictions, Compulsory Transfer and Redemption' of this Prospectus
RULES	the FCA rules the FCA Rules and any other regulations that may be made under section 247 and 248 of the Act and for the time being in force
SCHEME PROPERTY	as defined in the FCA Glossary
SDRT	stamp duty reserve tax
THE SOURCEBOOK	that part of the FCA's Handbook which deals with regulated collective investment schemes

TRUST DEED	the deed constituting the Fund and made between the Manager and the Trustee as may be amended, restated or supplemental from time to time by agreement between the Manager and the Trustee
TRUSTEE	the Trustee to the Fund, being Northern Trust Investor Services Limited
UCITS	an Undertaking for Collective Investment in Transferable Securities. This will include a UCITS scheme or an EEA UCITS scheme, as defined in the FCA Glossary
UCITS DIRECTIVE	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
UNITED KINGDOM or UK	the United Kingdom of Great Britain and Northern Ireland
UK AIFM	an AIFM established in the UK and with a Part 4A permission to carry on the regulated activity of managing an AIF
UK AIFM regime	FUND Sourcebook and other rules in the FCA Handbook which, when made, implemented AIFMD, the AIFMD level 2 regulation, and the AIFMD UK regulation
UK GDPR	Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained European Union law by virtue of section 8 of the EUWA (as may be amended from time to time) following the UK's withdrawal from the European Union
UK UCITS	as defined in the FCA Glossary
UNIT(S)	a unit in a fund (or a fraction)
UNITHOLDER(S)	a holder of a Unit in a Fund
VAT	value added tax

Any words or expressions defined in the FCA Rules shall have the same meanings where used herein.

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 above or elsewhere in this Prospectus, words or expressions in this Prospectus shall bear the same meaning as words or expressions defined in the FCA Glossary.

References to statutes, statutory provisions or regulations (including any provision of the FCA Handbook) shall include those statutes, provisions, regulations, or FCA Rules 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.

DIRECTORY

<b>Manager</b>	<b>Thesis Unit Trust Management Limited</b> Exchange Building St John's Street, Chichester, West Sussex PO19 1UP
<b>Dealing Office</b>	Thesis Unit Trust Management Limited Sunderland SR43 4AZ
<b>Investment Manager</b>	Stonehage Fleming Investment Management Limited 6 St James's Square, London SW1Y 4JU Website: <a href="http://www.stonehagefleming.com">www.stonehagefleming.com</a>
<b>Trustee</b>	Northern Trust Investor Services Limited 50 Bank Street London E14 5NT
<b>Custodian</b>	The Northern Trust Company, London Branch 50 Bank Street, London E14 5NT
<b>Administrator and Registrar</b>	Northern Trust Global Services SE, UK Branch 50 Bank Street, London E14 5NT
<b>Auditors</b>	PriceWaterhouseCoopers LLP Southwark Towers, 1 Embankment Place, London Bridge Street, London WC2N 6RH
<b>The Financial Conduct Authority (FCA)</b>	12 Endeavour Square, London E20 1JN

## 2. INTRODUCTION: THE FUND

The TM Stonehage Fleming Global Equities Fund II is an authorised unit trust scheme established under the Act. It is a Non-UCITS retail scheme, being a category of authorised scheme for the purposes of COLL 1.2.1R and is an AIF for the purposes of the UK AIFM regime.

The Fund was authorised by the Financial Services Authority (the predecessor to the Financial Conduct Authority and the Prudential Regulation Authority) on 23 May 2003. As a NURS, the Fund is a regulated AIF.

The Fund FCA product reference number (PRN) is 200211.

### Investor Profile

The Fund is marketable to all retail investors. The Fund is a higher risk fund aiming to provide capital growth and an element of income predominantly through investment in a selection of Stonehage Fleming Investment Management Limited's and other fund managers' equity collective investment schemes. It may be suitable for investors who are seeking long-term growth potential by investing predominantly in equities, although the Fund can also invest in other asset classes as well.

**Investors should regard their investment as long-term. Before investing, investors should read the section in this Prospectus under sub-heading 'General Information'.**

## 3. MANAGER

The Manager of the Fund 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 registered and head office of the Manager is Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP. The Manager has issued and paid up share capital of £5,673,167.

The Manager is regulated by the FCA, and is an AIFM for the purposes of the UK AIFM regime.

The Manager also acts as Manager/ACD to various other authorised funds listed in Appendix II.

The directors of the Manager are:

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

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

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

significance to the Fund.

### **Remuneration**

The Manager has established and applies a remuneration policy, procedure and practice (together, the “**Remuneration Policy**”) which is consistent with, and promotes, sound and effective risk management, and does not encourage risk-taking that is inconsistent with the risk profile of the Manager or the Fund. The Remuneration Policy does not impair compliance with the Manager’s duty to act in the best interests of the Fund. Details of the up-to-date Remuneration Policy including, but not limited to, a description of how remuneration and benefits are calculated and the identity of persons responsible for awarding the remuneration and benefits, including the composition or the remuneration committee, are available on [www.tutman.co.uk](http://www.tutman.co.uk) and a copy of such information can be obtained, free of charge, upon request at the offices of the Manager.

### **Delegated functions**

The Manager has delegated certain administrative functions to Northern Trust Global Services SE, UK Branch, including registrar, fund accounting, valuation, calculation and transfer agency services.

## **4. INVESTMENT MANAGER**

The Manager is responsible for the overall investment management and administration of the Fund. The Manager has delegated its day-to-day responsibility for investment management to Stonehage Fleming Investment Management Limited (the “Investment Manager”).

The appointment of the Investment Manager has been made under an agreement between the Manager and the Investment Manager (the “**Investment Management Agreement**”). The Investment Manager has full discretionary powers over the investment of the part of the Scheme Property entrusted to it subject to the overall responsibility and right of veto of the Manager.

The Investment Management Agreement contains provisions to the following effect:

- 1) the Manager will indemnify the Investment Manager against certain losses incurred by the Investment Manager but, in the absence of fraud, the Manager’s liability will be limited to the assets of the Fund available to meet such a claim;
- 2) the Investment Manager will be liable for certain losses suffered by the Manager or the Fund;
- 3) the Investment Manager shall not be liable for any non-performance of its obligations due to causes beyond its control; and
- 4) the agreement is governed by English law and the parties submit to the exclusive jurisdiction of the English courts.

The Investment Manager’s main duties are to give its best advice about the management, purchase, sale or retention of investments for the Fund and to keep the Fund’s investments under constant review. The Investment Manager has responsibility for the selection of investments for the Fund and is permitted to make investment decisions on a day-to-day basis. The Investment Manager must give such advice and make such investment decisions as are consistent with the investment objective of the Fund, the terms of the Trust Deed and the Rules.

The Investment Manager is paid by the Manager from the Annual Management Charge for the Fund set out in Appendix III.

## **5. TRUSTEE**

The Trustee and Depositary of the Fund is Northern Trust Investor Services Limited, a private limited



company, incorporated on 29 April 2020 with company number 12578024. Its registered office and principle place of business is at 50 Bank Street, London E14 5NT, United Kingdom.

The Trustee is authorised and regulated by the Financial Conduct Authority with FRN: 927658.

The Trustee's ultimate holding company is Northern Trust Corporation, a company which is incorporated in the State of Delaware, United States of America, with its headquarters at 50 South La Salle Street, Chicago, Illinois.

The Trustee is responsible for the safekeeping of all the Scheme Property of the Fund and has a duty to take reasonable care to ensure that the Fund is managed in accordance with the Trust Deed and the provisions of the Sourcebook and the FUND Sourcebook relating to the pricing of, and dealing in, Units and relating to the income and the investment and borrowing powers of the Fund. The Trustee is also responsible for monitoring the cash flows of the Fund, and must ensure that certain processes carried out by the Manager are performed in accordance with the Rules, this Prospectus and the Trust Deed.

### **Terms of Appointment**

The appointment of the Depositary has been made under an agreement (as amended and novated from time to time) between the Fund, the Manager and the Depositary (the "**Depositary Agreement**").

The Depositary Agreement is terminable on receipt of six months' written notice given by either party. In the event that the Depositary indicates that it wishes to retire as trustee and depositary of the Fund, the Fund shall use its best endeavours promptly to appoint a duly qualified replacement for the Depositary. If no such person has been appointed to replace the Depositary by the expiry of 3 months from the end of the period of notice, the Manager will co-operate with the Depositary in giving notice to the FCA of a proposal to wind up the affairs of the Fund.

Subject to the Rules, the Depositary has full power under the Depositary Agreement to delegate (and authorise its delegate to sub-delegate) any part of its safekeeping duties as Depositary. As a general rule, where the Depositary delegates any of its custody functions to a delegate, the Depositary will remain liable for any losses suffered as a result of an act or omission of the delegate as if such loss had arisen as a result of an act or omission of the Depositary. The use of clearing or settlement systems or order routing systems, does not constitute a delegation by the Depositary of its functions.

As at the date of this Prospectus, it has delegated custody services to The Northern Trust Company, London Branch (the "**Custodian**").

The Custodian has sub-delegated custody services to sub-custodians in certain markets in which the Fund may invest

The Depositary Agreement contains provisions indemnifying the Depositary and limiting the liability of the Depositary in certain circumstances.

Up to date information regarding (i) the Depositary's name, (ii) the description of its duties and any conflicts of interest that may arise between the Depositary and the Fund, the Unitholders or the Manager, and (iii) the description of any safekeeping functions delegated by the Depositary, the description of any conflicts of interest that may arise from such delegation, will be made available to Unitholders on request.

The Trustee and the Custodian will receive a fee from the Scheme Property as detailed in the section entitled "Expenses payable out of the Scheme Property".

## **GDPR**

Northern Trust's EMEA Data Privacy Notice sets out how the Trustee will process Unitholders' personal information as a data controller where these details are provided to it in connection with Unitholders' investment in the Fund.

Northern Trust's EMEA Data Privacy Notice may be updated from time to time and readers should confirm that they hold the latest version which can be accessed at [www.northerntrust.com/united-kingdom/privacy/emea-privacy-notice](http://www.northerntrust.com/united-kingdom/privacy/emea-privacy-notice).

Any Unitholder who provides the Manager and its agents with personal information about another individual (such as a joint investor), must show Northern Trust's EMEA Data Privacy Notice to those individuals.

## **Conflicts of interest**

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

It is possible that the Depositary and/or its delegates and sub-delegates may in the course of its or their business be involved in other financial and professional activities which may on occasion have potential conflicts of interest with the Fund and/or other funds managed by the Manager or other funds for which the Depositary acts as the depositary, trustee or custodian.

There may also be conflicts arising between the Trustee and the Fund, the Unitholders or the Manager. In addition, the Trustee also has a regulatory duty when providing the services to act solely in the interests of Unitholders and the Fund. In order to comply with this requirement, the Trustee may in some instances be required to take actions in the interests of Unitholders and the Fund where such action may not be in the interests of the Manager.

From time to time conflicts may arise from the appointment by the Depositary or any of its delegates. For example, the Custodian also performs certain investment operations and functions and derivatives collateral management functions delegated to it by the Investment Manager.

The Depositary and any other delegate, is required to manage any such conflict having regard to the FCA Rules and its duties under the Depositary Agreement.

The Depositary will ensure that any such delegates or sub-delegates who are its affiliates are appointed on terms which are not materially less favourable to the Fund than if the conflict or potential conflict had not existed. The Custodian and any other delegate are required to manage any such conflict having regard to the FCA Rules and its duties to the Fund and to the Manager.

The Depositary (and any of its affiliates) may effect, and make a profit from, transactions in which the Depositary (or its affiliates, or another client of the Trustee or its affiliates) has (directly or indirectly) a material interest or a relationship of any description and which involves or may involve a potential conflict with the Trustees' duty to the Fund.

This includes circumstances in which the Fund or any of its affiliates or connected persons: acts as market maker in the investments of the Fund provides broking services to the Trustee and/or to other funds or companies; acts as financial adviser, banker, derivatives counterparty or otherwise provides services to the issuer of the investments of the Fund acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Fund; or earns profits from or has a financial or business interest in any of these activities.

The Depositary has a conflict of interest policy in place to identify, manage and monitor on an on-going basis any actual or potential conflict of interest. The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the Depositary issues to be properly identified, managed and monitored.

## **6. CUSTODIAN**

The Depositary has delegated the custody function to the Custodian. The Depositary is responsible for custody of the Fund's property and, as such, is responsible for holding and safeguarding the Fund's assets and for arranging settlement of trades in securities as well as collection of income from assets and other duties such as administering corporate actions and providing information on securities and their issuers, for example on Annual General Meetings. The Custodian is responsible for losses flowing from its own fraud, negligence and wilful default. Contact details of the Custodian are set out in the Directory.

## **7. ADMINISTRATOR AND REGISTRAR**

The fund accounting and administration functions for the Fund are outsourced to Northern Trust Global Services SE.

The Administrator maintains the Fund's accounting records and ensures all trades are captured in the books of account; asset valuations are current and calculated independently; and accruals are stated accurately, reflecting current knowledge of future cash flows.

Contact details for Northern Trust Global Services SE are set out in the Directory.

### **The Registrar**

The Registrar for the Fund is Northern Trust Global Services SE, UK Branch. The Registrar maintains and holds the Register at 50 Bank Street, London, E14 5NT. The Fund's register of Unitholders may be inspected by unitholders at the address.

The Registrar maintains the Fund's register of Unitholders to record who has entitlement to the Fund's units.

## **8. AUDITORS**

The Auditors for the Fund are PricewaterhouseCoopers LLP. Contact details for the Auditors are set out in the Directory.

The Auditor acts independently to review the Fund's financial statements produced by the Fund's Administrator to provide assurance they are free of material misstatements.

## **9. ACCOUNTS**

Annual accounts for the Fund will be prepared as at the Annual Accounting Date and will be audited by the Auditors. Interim accounts will be prepared as at the Interim Accounting Date but will not be audited.

Long reports will be published annually and semi-annually within four months of the Annual Accounting Date and two months of the Interim Accounting Date. The Long reports will be available from the Manager on request.

## **10. INVESTMENT OBJECTIVE AND POLICY**

The objective of the Fund is to achieve capital growth and an element of income. The Fund will generally only invest in Units in other regulated collective investment schemes. The Fund's assets will be invested predominantly in UK and international regulated equity funds. **There may be some use of derivatives for EPM.** In seeking to meet the investment objective, a portion of the Fund's property may be invested in units or shares of collective investment schemes managed or operated by the Investment Manager or an associate of the Investment Manager.

### **Performance Comparator**

The Fund uses a composite benchmark of Morgan Stanley Capital International (MSCI) gross dividend indices - UK 45%, US 22%, Europe Ex UK 16%, Far East 10% Emerging markets 7%, for performance comparison purposes only and the benchmark is not a target benchmark and the Fund is not constrained by it.

The indices have been selected as a benchmark for performance as a reflection of global equity markets and offer a clear comparator.

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

The Scheme Property will be invested so as to provide a prudent spread of risk. The Fund is a NURS.

To avoid any element of "double charging" the following items must be paid to the investee sub-fund within four Business Days of buying or selling units of those sub-funds:

- the amount of any initial charge on the issue of units in those sub-funds (or if that cannot be ascertained then the maximum amount of any charge which would be permitted);
- the amount of any redemption or exit charge made on the disposal of units in those sub-funds; and
- the amount of any dilution levy or SDRT provision charged on buying or selling units in those sub-funds.

Each of those sub-funds has a unit class which pays a 0% management fee to the Investment Manager. Where the Fund invests in those sub funds, it will ensure that it does so into this unit class.

However, for sub-funds managed by a third party investment manager, the fees of those third party investment managers for the sub funds and any applicable performance fees related to the performance of the sub funds will be deducted from the market value of that sub-fund.

## **11. CHANGES TO INVESTMENT STRATEGY OR POLICY**

The Manager will inform investors of any material changes to investment strategy or policy in accordance with the Rules.

## **12. MAXIMUM MANAGEMENT FEES**

The Annual Management Charge is expressed as a percentage of the Fund's net asset value (NAV). It is

calculated and accrued on a daily, weekly or other frequency using the average NAV of the Fund and is paid by the Fund on a set frequency, usually monthly, in arrears.

The maximum level of Annual Management Charge that the Manager may charge to the Fund and that may be charged to the funds in which the Fund invests is 2%.

The Annual Management Charge is not the maximum total fee that is charged to the Fund. The Fund is subject to other fees that are incurred in its operation and management and these are set out below under the sub-heading 'Expenses Payable out of The Property of The Fund').

The OCF expresses the costs of running the Fund as a single figure. This is the overall cost shown as a percentage of the value of the assets of the Fund. It comprises the Annual Management Charge and other additional charges including, but not limited to, the charges of the Trustee, Administrator, Custodian, Registrar and Auditors as well as any specified regulatory or legal fees. It does not include the costs of buying or selling investments.

### **Performance fee**

The Investment Manager does not charge a performance fee to the Fund but the Investment Manager may invest the Fund in other funds that do have a performance fee. Where the Investment Manager invests the Fund into other funds that have a performance fee, there may be no limit (cap) on the performance fee.

## **13. REPORTING KEY INFORMATION TO INVESTORS**

The Manager is required to inform investors how and when they intend to report key information to them. The Manager intends to provide the information set out below on at least an annual basis via the Fund's annual report or in some cases via the Manager's website – [www.tutman.co.uk](http://www.tutman.co.uk).

Pursuant to the UK AIFM regime, the Manager will disclose the following information for the Fund in each annual report:

1. the percentage of the Fund's assets which are subject to special arrangements arising from their illiquid nature, including an overview of any special arrangements in place, the valuation methodology applied to the assets which are subject to such arrangements and how management and performance fees, if any, apply to these assets;
2. if risk limits set for the Fund by the Manager have been or are likely to be exceeded and, where these risk limits have been exceeded, a description of the circumstances and the remedial measures taken;
3. the total amount of Leverage employed by the Fund;
4. the current risk profile of the Fund;
5. any material changes to the following information:
  - a. the arrangements for managing the liquidity of the Fund;
  - b. the risk management systems employed by the Manager to manage the risks to which the Fund is or may be exposed;
  - c. the current risk profile of the Trust and the maximum level of Leverage that may be employed by the Fund; and

- d. where applicable, any right for re-use of collateral or any guarantee under the Fund's leveraging arrangements as well as the nature of such rights or guarantees;
6. any additional disclosures required by the UK AIFM regime.

#### **14. LIQUIDITY POLICY**

This covers the percentage of the Fund's assets that are subject to any special arrangements arising from their illiquid nature as well as any new arrangements relating to the Fund's liquidity management. Details may be obtained from the Manager.

#### **15. RISK AND REWARD PROFILE AND RISK MANAGEMENT OF THE FUND**

The Manager will disclose the Fund's current risk and reward profile which provides investors with an indication of where the Fund ranks in terms of its potential risk and return and is based on research of how its investments have performed in the past. It is not guaranteed and may change over time. The Fund's risk and reward rating is also detailed in the Key Investor Information document available at [www.tutman.co.uk](http://www.tutman.co.uk).

The Manager, in consultation with the Investment Manager, has adopted a Risk Management Policy and processes to support the identification, measurement, monitoring and reporting of the Fund's risks to assess how the holdings and positions affect overall the Fund's risk profile.

#### **16. FUND LEVERAGE**

Leverage is a method of increasing a fund's exposure to investments by borrowing cash or securities, by investing in derivatives or by other means. The Fund's exposure and leverage levels represent, therefore, key information for investors and, where applicable, the Manager will disclose:

- the Fund's total amount of leverage
- the maximum leverage allowed for the Fund
- the right to re-use collateral or any guarantee provided under a leveraging arrangement

#### **17. INVESTMENT AND BORROWING POWERS AND LIMITS**

The investment objective and policy of the Fund is subject to the limits on investment and borrowing under the Sourcebook.

#### **Collective Investment Schemes**

The Fund must not invest in units in a collective investment scheme (second scheme) unless the second scheme meets each of the following requirements:

1. the second scheme:
  - a. be a UCITS scheme (as defined by the Rules) or satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive (as defined by the Rules) as implemented in the EEA; or
  - b. is a Non-UCITS retail scheme (as defined by the Rules); or
  - c. is a recognised scheme (as defined by the Rules); or
  - d. is constituted outside the United Kingdom and the investment and borrowing powers of which are the same or more restrictive than those of a Non-UCITS retail scheme; or

- e. is a scheme not falling within (a) to (d) 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;
2. the second scheme operates on the principle of the prudent spread of risk;
  3. the second scheme is prohibited from having more than 15% in value of the property of that scheme consisting of units in collective investment schemes;
  4. the participants in the second scheme must be entitled to have their units redeemed in accordance with the scheme at a price:
    - a. related to the net value of the property to which the units relate; and
    - b. determined in accordance with the scheme; and
  5. where the second scheme is an umbrella, the provisions in (2) to (4) apply to each sub-fund as if it were a separate scheme.

Not more than 20% in value of the Fund's property may be invested in the units of any one regulated collective investment scheme.

A list of the locations of the establishment of any second schemes which the Fund may invest in (from time to time) is set out in Appendix VII.

#### DEPOSITS

Up to 20% in value of the Scheme Property can consist of deposits with a single body. The Fund may only invest in deposits 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.

#### CASH

The Fund is also permitted to hold cash or "near cash" (meaning certain liquid instruments which can be converted to cash at relatively short notice). Cash and near cash may be held for the purposes of redemption of units or for the efficient management of the Fund in accordance with its investment objectives, or for other purposes which may be reasonably regarded as ancillary to the Fund's investment objectives.

### **18. BORROWING**

The Fund has the power to borrow money for the use of the Fund on terms that it is repayable out of the Scheme Property. Any borrowing may only be on a temporary basis and it must not exceed 10% of the value of the Scheme Property from time to time.

### **19. ADDITIONAL INVESTMENT POWERS**

As indicated above, the Fund will invest primarily in other collective investment schemes. Nevertheless, the Rules give the Fund the ability to invest in other financial instruments, as set out below.

The Fund may invest in approved securities which are transferable securities and are traded on eligible securities markets, warrants, money market instruments, deposits and derivatives and forward transactions.

It is intended that the Fund will be managed in such a way that units in it will be eligible for inclusion in

ISAs.

## 20. ELIGIBLE MARKETS

Units or shares in the regulated collective investment schemes in which the Fund intends to invest are not generally listed or traded on any investment exchange. If any such scheme were so listed or traded then any securities market in the United Kingdom or in a member state of the EU or the EEA (“**an EEA State**”) (excluding Cyprus and Malta) will be an eligible market for the purposes of the Fund.

The Fund may use derivatives as part of its investment strategy, although it will principally do so for purposes of EPM style techniques. See below. To the extent that the Fund does use derivatives then any derivatives market in the United Kingdom or an EEA State (excluding Cyprus and Malta) will be an eligible derivatives market for purposes of the Fund.

In order to qualify as an approved security, the market upon which securities traded must meet certain criteria as laid down in the Sourcebook. Eligible Markets generally include any market established in the United Kingdom or an EEA State on which transferable securities admitted to official listing in the member state are dealt in or traded. In the case of all other markets, in order to qualify as an eligible market, the Manager, after consultation with the Trustee, must be satisfied that the relevant market:

- is regulated;
- operates regularly;
- is recognised; and
- is open to the public.

The Manager, after consultation with the Trustee, has decided that the markets set out in Appendices IV and V meet these criteria.

## 21. USE OF DERIVATIVES

**Derivative transactions may be used by the Fund for the purposes of EPM.** These techniques aim to:

- reduce risk, volatility and/or costs; and/or
- produce additional capital or income in the Fund which is consistent with the risk profile of the scheme and the risk diversification rules laid down in the Rules

It is not intended that using derivatives for EPM will increase the volatility of the Fund. In some situations, however, the Fund’s use of derivatives for EPM may become ineffective and the Fund may suffer significant loss as a result.

The Fund’s ability to use EPM strategies may be limited by market conditions, regulatory limits and tax considerations. It is not intended that the use of derivatives for EPM within the Fund will materially alter the overall risk profile of the Fund.

There is no upper limit on the use of transactions in derivatives or forward transaction for the Fund but they must satisfy the following conditions:

A transaction in a derivative must:

1. be in an approved derivative;
2. be in a future, an option or a contract for differences which must be entered into with a counterparty that is acceptable in accordance with the Rules;
3. be on approved terms as to valuation and close out;
4. be capable of valuation;



5. have the underlying consisting of any or all of the assets to which the Fund is dedicated and which are permitted by the Sourcebook;
6. be effected on or under the rules of an eligible derivatives market;
7. not cause the Fund to diverge from its investment objectives;
8. not be entered into if the intended effect is to create the potential for an uncovered sale of one or more transferable securities, money market instruments, units in collective investment schemes, or derivatives, and
9. be with an eligible counterparty or an approved bank.

Use of derivatives must be supported by a risk management process maintained by the Manager which should take account of the investment objectives and policy of the Fund and the Rules. The types of derivative transactions that can be entered into by the Fund are those that are permitted under the EPM regime. The risk management process that is in place to monitor such transactions is therefore based on EPM which is designed to reduce risk and/or reduce cost or generate additional income or capital.

The Manager invests in derivatives for EPM purposes as a strategy to reduce risk (hedging, for example, by purchasing put options), to implement a strategy which is driven by cost budgets and liquidity considerations (to take a directional view, for example, by investing in futures) and where the use of derivatives is the only way to implement a strategy (to raise additional income, for example, through a dividend swap or by the writing of call options).

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 under (1):

(1) Exposure is covered if adequate cover from within the Scheme Property is available to meet its 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.

(2) Cash not yet received into the Scheme Property, but due to be received within one month, is available as cover for the purposes of (1).

(3) Property the subject of a stock lending transaction is only available for cover if the Manager 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.

(4) The incremental exposure and leverage generated through the use of derivatives and forward transactions, may not exceed 100% of the net value of the Scheme Property.

The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property. Transactions in OTC derivatives must comply with the conditions and limits set out in the Sourcebook. Counterparty risk exposures will be aggregated across both financial derivative instruments and EPM techniques.

Where the Fund invests in derivatives, the exposure to the underlying assets must not exceed the spread limits set out in the Sourcebook save that, subject to prudent spread of risk, where the Fund invests in an index based derivative (provided the relevant index's composition is sufficiently diversified, the index is a representative benchmark for the market to which it refers and is published in an appropriate manner) the underlying constituents of the index do not have to be taken into account for the purposes of complying with those spread limits. Where a transferable security or money market instrument embeds a derivative, this must be taken into account for the purposes of calculating any limits.

There is no guarantee that the performance of financial derivative instruments entered into for EPM will

result in a positive effect for the Fund and its investors. The use of financial derivative instruments may result in losses for investors.

There is no guarantee that the Fund will achieve the objective for which it entered into a transaction in relation to EPM.

### **OTC Derivative Transactions**

OTC Derivative Transactions must be:

- With an approved counterparty that is:
  - an eligible institution or Approved Bank
  - a person whose permission (including any requirements or limitations), as published in the FCA register, or whose Home State authorisation, 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 above, a CCP supervised in a jurisdiction that:
    - has implemented the relevant G20 reforms on over-the-counter 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 financial regulatory reforms dated 25 June 2019.
  
- On approved terms (as defined by the FCA Handbook);
- Capable of reliable valuation;
- Subject to verifiable valuation.

The Investment Manager maintains its own approved counterparty list of the agency broking firms with whom it is prepared to place orders into which it will enter the Fund.

### **Collateral**

The Investment Manager's policy requires that all counterparties are approved prior to trading and, therefore, a new counterparty cannot be added to the Investment Manager's list of approved counterparties unless it can first demonstrate that it meets the Investment Manager's selection criteria. This includes an undertaking from the counterparty to provide best execution. Other factors, such as the counterparty's reputation in the marketplace, their creditworthiness and whether they have suitable clearing and settlement facilities, are also key considerations.

The counterparties to the Fund's OTC derivative transactions do not assume any discretion on composition or management of the Fund or of the underlying financial derivative instruments, and the approval of counterparties is not required in relation to any of the Fund's transactions.

The Investment Manager uses collateral as a tool for managing counterparty exposure and has procedures for collateral management for OTC derivative transactions and posting margin in the form of cash payments for exchange traded futures. The Investment Manager may choose to control the exposure of the Fund to counterparties either through the receipt of collateral from the counterparty, or

through other mechanisms. For example, the level of gross and net exposure within the Fund to each counterparty is measured and constantly monitored to the guidelines as outlined within The Sourcebook rules. Likewise the level of gain or loss on derivatives with the same counterparty is also monitored and reset before certain levels are met, as previously defined, in order to mitigate the extent of counterparty risk at any given time.

In the event the Investment Manager receives collateral, the Investment Manager's collateral will generally be of high quality and liquid, for example, cash and government securities. The Investment Manager will keep the types and levels of collateral under review and will apply additional restrictions to collateral as it deems appropriate.

Non-cash collateral will be subject to a discount in value which will vary depending on the class of asset received and its price volatility, for example, government bonds will have a smaller percentage discount than equities. The practice of applying a discount is known in the industry as a "haircut" and its purpose is to provide some protection against the risk that the market value of non-cash collateral received falls thereby reducing the level of security that the collateral is intended to provide.

All collateral received by the Investment Manager and used to reduce the Fund's counterparty risk will comply with the following criteria at all times:

- It must be highly liquid and traded on a regulated market;
- It must be valued at least daily;
- It must be of high quality;
- It will not be highly correlated with the performance of the counterparty;
- It will be sufficiently diversified in terms of country, markets and issuers (in accordance with ESMA's Guidelines on ETFs and other UCITS issues (ESMA/2012/832EN));
- It will be held by the Trustee or a third party custodian subject to prudential supervision who is unrelated to the provider of collateral;
- It will be capable of being fully enforced by the Investment Manager at any time without reference or approval from the counterparty;

Permitted collateral which may be received by the Investment Manager includes (where applicable):

- Cash
- Government or other public listed securities
- Certificates of deposit issued by "relevant institutions"; and
- Bonds or commercial paper issued by "relevant institutions"

Non-cash collateral received by the Investment Manager will not be sold, re-invested or pledged.

Cash collateral the Investment Manager receives will only be:

- Placed on deposit with entities that meet the requirements of the UCITS Directive, or
- Invested in high-quality government bonds, or
- Invested in short term money market funds as defined in ESMA's (formerly CESR's) "Guidelines on a Common Definition of European Money Market Funds".

The exposure to a counterparty will, at all times, meet the general spread requirements per the Rules for NURSSs.

## **22. CHARACTERISTICS OF UNITS**

Units in the Fund are income Units priced in pounds sterling which is the base currency of the Fund. All Units are registered Units.

As at the date of this Prospectus, the classes of Unit available, and the terms attaching to them, are as set out in Appendix III. Further classes of Unit may be issued with the approval of the FCA, the Trustee and in accordance with the Trust Deed. References to “Units” are to all classes of Units, unless specific classes of Unit are specified.

Each Unit class will be charged with the liabilities, expenses, costs and charges of the Fund attributable to that Unit class.

Each holder of a Unit is entitled to participate in the Scheme Property and any income arising from it. A Unitholder’s right, as represented by his Units, is a beneficial interest under a trust.

When more than one Unit class is available, Unitholders are entitled (subject to certain restrictions) to convert all or part of their Units in one class for Units of a different class. Details of this facility and the restrictions are set out below under the heading “Conversion of Units”.

Certificates are not issued to Unitholders. The Register is the sole evidence of title. Details of Register entries are available from the Manager on request.

Unitholders are not liable for the debts of the Fund. Units in the Fund are not listed or dealt on any investment exchange.

## **23. DEALING IN UNITS**

Units may normally be bought, sold and converted on any UK working day between 9:00am and 5:00pm. Deals will be executed at a forward price (that is, the next price calculated after receipt of instructions). The Manager may, with prior agreement of the Trustee, or if the Trustee so requires, suspend the issue and redemption of Units temporarily and in exceptional circumstances, with the position being formally reviewed every 28 days if the Manager, or the Trustee, is of the opinion that there are exceptional circumstances giving reason to do so having regard to the interests of the Unitholders. The suspension will only be permitted to continue for as long as it is justified having regard to the interests of the Unitholders. The Manager and the Trustee must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

The Manager must notify the FCA of a suspension of dealings immediately, following this up with written notification including the reasons for the suspension as soon as possible. The Manager also will notify all Unitholders of the suspension in writing as soon as practicable and will publish details to keep Unitholders appropriately informed about the suspension, including its likely duration.

Re-calculation of the Unit price for the purpose of sales and purchases will commence on the next relevant valuation point following the ending of the suspension.

## **24. BUYING UNITS**

The minimum initial investment for each class of Units and the minimum value of subsequent purchases in the Fund is set out in Appendix III. There is no maximum investment. Units may be bought through intermediaries or direct from the Manager.

Units in the Fund can be bought by sending an application form to Thesis Unit Trust Management Limited at the dealing office of the Administrator or by obtaining an application form by telephoning 0333 300 0375. Investors may make subsequent purchases of units by phoning 0333 300 0375. The Manager reserves the right to have cleared funds before investing.

A subscription request must be received by the Manager before the Cut Off Point. Subscription requests received after the Cut Off Point will be held over until the next Business Day.

The Manager will sell Units to holders free of commission, at not more than the offer price applicable at the time instructions are received, as calculated in accordance with the Rules. The Manager will also sell Units to an intermediary engaged independently by the Unitholder, and such intermediary may charge its own commission to the Unitholder.

A contract note confirming the purchase will be despatched by the Registrar within 24 hours of the deal being executed.

## **25. SELLING UNITS**

The minimum value of any holding of Units in the Fund and the minimum value of Units in the Fund which may be sold is set out in Appendix III.

The Manager will buy back Units from holders free of commission, at not less than the bid price applicable at the time instructions are received, as calculated in accordance with the Rules. Units may also be sold back through an authorised intermediary who may charge commission.

Instructions for the sale of Units may be given in writing or by telephoning the Manager's dealing department on 0333 300 0375. An instruction for the sale of Units must be received by the Manager before the Cut Off Point. Instructions received after the Cut Off Point will be held over until the next Business Day. A contract note will be issued to confirm the transaction and will be despatched by the Registrar within 24 hours of the deal being executed. Payment is made within four working days of the Manager receiving properly completed documentation.

Sale proceeds will be payable only to one or more of the registered Unitholders. The Manager reserves the right, at all times, to require a form of renunciation to be completed. If this is necessary it will be issued with the contract note. The Manager also reserves the right to send sale proceeds by cheque to the registered address.

### **In Specie Redemptions**

If so requested, the Manager may arrange for cancellation of Units to be effected by the transfer of Trust property to the Unitholder. This option may be exercised by the Manager in any instance in which a Unitholder may request the redemption of a number of Units that represent 5% or more of the Fund's value.

Units may, at the discretion of the Manager, be sold on the authority of an electronic communication.

## **26. CONVERSION OF UNITS**

Subject to any restrictions on the eligibility of investors in relation to a particular Unit class, a Unitholder in a sub-fund may at any time convert all or some of their Units ("Original Units") for Units in a different class ("New Units").

A conversion is an exchange of Units in one class for Units of another class in the same sub-fund.

Conversions will be effected by the Manager recording the change of class on the Register at the next valuation Point following receipt of instructions by the Manager.

The number of New Units issued to a Unitholder following a conversion will be determined by reference to the price of the Original Units relative to the price of the New Units at the relevant valuation point.

If a Unitholder wishes to convert Units they should contact the Manager for further information. Instructions may be given by telephone but Unitholders are required to provide written instructions to the Manager (which, in the case of joint Unitholders, must be signed by all the joint Unitholders) before the conversion is effected.

There is no charge payable on a conversion.

If a partial conversion would result in the Unitholder holding a number of Original Units or New Units of a value which is less than the minimum holding in the class concerned, the Manager may, if it thinks fit, exchange the whole of the Unitholder's holding of Original Units to New Units (and make a charge for this) or refuse to effect any conversion of the Original Units.

Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a conversion. Written instructions must be received by the Manager before the valuation point on a dealing day to be dealt with at the prices at the valuation point on that dealing day or at such other valuation point as the Manager at the request of the Unitholder giving the relevant instruction may agree. Requests to convert received after a valuation point will be held over until the next day which is a dealing day.

On completion of a conversion, subsequent Unit dealing instructions may be limited, restricted or denied where the Manager's identity evidence requirements have not been complied with. In such circumstance, the Manager shall not be liable for any costs or losses whatsoever.

Conversions will not generally be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable on the conversion.

**A Unitholder who converts between classes of Units will not be given a right by law to withdraw from or cancel the transaction.**

The Manager may also, in its sole discretion, convert some or all of the Units held by any Unitholder in the Fund from one class of Units to another class of Units, provided that the terms of the Original Units are substantially similar to the New Units and, in any event, the conversion does not materially prejudice any such Unitholder. The Manager will provide the Unitholder with 60 days' prior notice of any such conversion.

## **27. RESTRICTIONS, COMPULSORY TRANSFER AND REDEMPTION**

The Manager may from time to time impose such restrictions as it thinks necessary for the purpose of ensuring that no Units in the Fund are acquired or held by any person in the Relevant Circumstances which constitute a 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 (or would if other units were acquired or held in like circumstances) result in the Fund incurring any liability to taxation or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory). In this connection,

the Manager may, inter alia, reject at its discretion any application for the purchase, sale or transfer of Units.

If it comes to the notice of the Manager that any Affected Units have been acquired or are being held, beneficially or otherwise, in any Relevant Circumstances or if it reasonably believes this to be the case, the Manager may give notice to the holder(s) of the Affected Units requiring (at the discretion of the Manager) either:

- the converting of the Affected Units to any other class which the Unitholder is still eligible to hold;
- the transfer of such Affected Units to a person who is qualified or entitled to own them; or
- that a request in writing be given for the redemption or cancellation of such Units in accordance with the Rules.

If any person upon whom such a notice is served does not within thirty days after the date of such notice convert his Affected Units to a class which he is still eligible to hold, transfer his Affected Units to a person qualified to own them, or give such a request or establish to the satisfaction of the Manager (whose judgement is final and binding) that he (and, if any, the beneficial owner) is qualified and entitled to own the Affected Units, he shall be deemed upon the expiration of that thirty day period to have given a request in writing for the converting, redemption or cancellation (at the discretion of the Manager) of all the Affected Units in accordance with the Rules.

A person who becomes aware that he is holding or owns Affected Units in any Relevant Circumstances, shall forthwith, unless he has already received a notice as aforesaid, either convert all his Affected Units into a class he is still eligible to own, transfer all his Affected Units to a person qualified to own them, or give a request in writing for the redemption or cancellation of all his Affected Units in accordance with the Rules.

The Manager may also, in its sole discretion, convert some or all of the Units held by any Unitholder from one class to another class, provided that the terms of the Original Units are substantially similar to the New Units and, in any event, the conversion does not materially prejudice any such Unitholder. The Manager will provide the Unitholder with 60 days' prior written notice of any such conversion. Please note that, under current tax law, a conversion of Units between different classes in the same fund will not be deemed to be a realisation for the purposes of capital gains taxation.

## **28. ELECTRONIC COMMUNICATIONS**

The Manager will accept instructions to purchase, sell, or transfer Units, or for renunciation of title to Units, on the basis of an authority communicated by electronic means and sent by the Unitholder, 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:

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

## 29. PROTECTION OF UNITHOLDER CASH

When an investor subscribes for Units in the Fund, there is a window of time between the Manager receiving the subscription money from the investor and transferring it to the Trustee to be used to settle the creation of Units.

If the Manager transfers the subscription money to the Trustee by the close of business on the Business Day following receipt (the “**Window**”), the Manager is permitted to rely on an exemption (the “**Exemption**”) in the Rules which means the Manager is not required to ensure that money is segregated from its own money and protected in a ring-fenced bank account. If the Manager transfers the subscription money to the Trustee outside of the Window then it is required to segregate the money from its own and protect it in a ring-fenced bank account.

During the Window the investor may not yet own the Units and they may also not have their cash either. This represents a small risk that, if the transaction should fail to complete, the investor might lose the value of their investment.

When a Unitholder sells (redeems) Units, all cash due to be paid to them will be segregated from the Manager’s own money and protected in a ring-fenced bank account until it is transferred to the Unitholder.

## 30. VALUATION

The Scheme Property will be valued on both an issue and a cancellation basis at each valuation point in order to calculate the prices at which Units in the Fund are to be issued, cancelled, bought and sold. The valuation is at 10.30 pm daily (the “**valuation point**”). The Manager may at any time during a dealing day revalue the Fund if it considers it desirable to do so. The Manager reserves the right not to value on the last working day before Christmas Day and New Year’s Day.

The Scheme Property will be valued in accordance with the provisions set out in Appendix I, for the purpose of determining prices at which Units may be sold and redeemed by the Manager. Where no appropriate price is quoted or obtainable, the Scheme Property will be valued at a price which, in the opinion of the Manager and the Trustee, is a fair and reasonable mid-market price for that security adjusted to take account of dealing sizes and other relevant factors.

**Large Deals:** any purchase or redemption of Units with a value equal to or in excess of £15,000 will amount to a 'large deal'. For large deals (subject to the Regulations), the Manager may sell Units at more than, or redeem Units at less than, the published price.

Prices are calculated on an offer basis (for the purposes of calculating the issue price of a Unit) or bid basis (for the purposes of calculating the cancellation price of a Unit) respectively. The price at which the Manager sells Units (the offer price), may not exceed the issue price of Units plus the Manager’s initial charge. The price at which the Manager redeems Units (the bid price) will not be less than the cancellation price (less any redemption charge and any SDRT provision). The bid price will not exceed the relevant issue price.

The Manager will, upon completion of each valuation, notify the Trustee of the issue price, the cancellation price, the maximum offer price and the minimum bid price of Units of each class.

The price at which Units are issued or cancelled is calculated by taking the proportion, attributable to the Units of the class in question, of the value on the issue basis (when calculating the issue price per Unit) or the cancellation basis (when calculating the cancellation price per Unit) of the Scheme Property by reference to the most recent valuation, computing the number of Units of the relevant class in issue



immediately before that valuation, dividing the total by that number of Units. Any initial charge or redemption charge, (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.

The Manager may change the time for the valuation point after having given notice to the Trustee. The Manager reserves the right to revalue the property of the Fund at any time at its discretion. Valuations are in two parts, one on an offer basis (which will form the basis for the price at which Units are sold) and the other on a bid basis (which will form the basis for the price at which Units are redeemed). For the purposes of calculating the Manager's and the Trustee's periodic charges, the Scheme Property is valued on a mid-market basis.

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

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

The cancellation price last notified to the Trustee is available from the Manager upon request.

### **31. STAMP DUTY RESERVE TAX ("SDRT")**

SDRT is generally charged on any agreement to transfer Units (other than transactions handled by the Manager) to third parties at a rate of 0.5% of the consideration.

Please refer to the 'Stamp Duty Reserve Tax' paragraph under Taxation for further details.

### **32. MANAGEMENT CHARGES**

The Trust Deed for the Fund permits the Manager to include in the offer price of Units an initial charge not exceeding 5.25%.

The Trust Deed also permits the Manager to make a charge on redemption of units not exceeding 5.25%.

As at the date of this Prospectus, the initial charge and redemption charge for each class of Unit is set out in Appendix III. Both the initial charge and the redemption charge may be waived at the discretion of the Manager.

In addition, the Manager is entitled to an annual charge, the Annual Management Charge, payable out of the Scheme Property. This accrues and is reflected in the offer and bid price of Units in the Fund daily. It is calculated on the mid-market value of the Fund daily at the valuation point (10.30 pm).

### **33. ALLOCATION OF THE MANAGER'S ANNUAL MANAGEMENT CHARGE**

The Manager's current Annual Management Charge for the Fund is charged to the capital account of the Fund. The amount charged to capital will increase the distribution income of the Fund by that amount and reduce the capital by a similar amount.

**This practice may result in capital erosion or constrain capital growth. The Manager may vary the proportion charged to the capital account at his discretion.**

### **34. INVESTMENT MANAGER'S FEE**

The Investment Manager is paid by the Manager out of its Annual Management Charge. Research costs will be paid for by the Investment Manager out of the remuneration it receives and shall not be borne by the Fund.

### **35. EXPENSES PAYABLE OUT OF THE PROPERTY OF THE FUND**

The following may be paid out of the Scheme Property:

- The Annual Management Charge referred to under the heading "Management Charges" above.
- Broker's commission (excluding research costs), fiscal charges and any other disbursements which are necessarily incurred in effecting transactions for the Fund and normally shown on contract notes, confirmation notes and difference accounts as appropriate.
- Any costs incurred in modifying the Trust Deed, including costs incurred in respect of meetings of Unitholders convened for purposes which include the purpose of modifying the Trust Deed, where the modification is necessary to implement, or necessary as a direct consequence of, any change in the law, or is expedient having regard to any change in the law made by or under any fiscal enactment and which the Manager and the Trustee agree is in the interest of Unitholders or to remove from the Trust Deed any obsolete provisions.
- Any costs incurred in respect of meetings of Unitholders convened on a requisition by Unitholders not including the Manager or an associate of the Manager.
- Interest on permitted borrowings of the Fund and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.
- Taxation and duties payable in respect of the Scheme Property, the Trust Deed or the issue of units and any stamp duty reserve tax (SDRT) charged in accordance with Schedule 19 of the Finance Act 1999.
- The fees of the Auditor payable (including Value Added Tax thereon) and any proper expenses of the Auditor.
- The fees of the FCA in respect of the Fund, or any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which units in the Fund may be marketed.
- The fees of the maintenance of the Register.
- The fees for the publication of the Unit price of the Fund.
- The fees associated with the provision of legal, tax, or other professional services incurred by the Manager regarding the Fund's assets.
- The administration fees and charges of the Fund, including:
  - The annual fee of 0.04% of the net asset value of the Fund's assets up to the value of £50,000,000, 0.03% of the net asset value of all assets between £50,000,000 and £100,000,000 and 0.02% of the net asset value of all assets over £100,000,000, subject to a minimum fee of £25,000 per annum, payable to Northern Trust Global Services SE, UK Branch for performing the fund accounting function.

<b>TRANSFER AGENCY</b>		
Fund maintenance charge	£9,000	per fund p.a.
Account investor registration / servicing fee	£15	per investor p.a.
Account investor servicing fee for ISA accounts	£15	per investor p.a.
Investor transaction fee - manual transactions	£16	per transaction
Investor transaction fee - automated transactions	£10	per transaction
Distribution fee	£3500	per annum
<b>Please note ad hoc Transfer Agency fees may apply in certain situations.</b>		

### Trustee's fee

- The Trustee's fee which consists of an annual fee of 0.03% of the net asset value of the Fund on assets up to the value of £100,000,000, 0.0275% of the net asset value of all assets between £100,000,000 and £150,000,000, 0.025% of the net asset value of all assets between £150,000,000 and £200,000,000 and 0.02% of the net asset value of all assets over £200,000,000, subject to a minimum fee of £7,500 per annum.
- Where relevant, the Trustee may apply additional charges for the following: (i) market costs (such as delivery and receipt charges); (ii) costs related to AML/CRS re-verification and remediation required in order to meet regulatory standards; (iii) any costs related to data enrichment i.e. clean-up including "Welcome Letters" and any associated data collection), (iv) detailed due diligence for services such as Diversification and Prudent segregation and Investment Trust processing; (v) out of pocket expenses incurred in providing administration services such as fund set-up costs, telephone, fax, postage, courier charges etc.; (vi) services associated with special events, such as termination of the Manager, mergers, spin-offs, fund conversions, creating tailored reports, developing custom downloads, and delivering accounting data to any third party performance organisation. The Trustee may charge service and transactions fees associated with each event. In addition, the Trustee may pass through to the client evaluation and/or consulting fees necessitated by an event. The Trustee will discuss charges related to an event with the Manager in advance; (vii) any unique service requirements, IT interfaces, custom technology and report development; (viii) implementation; and (ix) any applicable VAT charges.
- Transaction charges vary from country to country and the actual charges are broken down by area below. The cost of overseas custody generally depends upon the value of the stock involved and currently ranges between 0.005 per cent and 0.7 percent per annum of market value. However, in some countries, custody charges are based on a charge per holding and these fees are currently in the range of £8 - £200.

### RANGES OF CHARGES

AREA	TRANSACTION CHARGE	CUSTODY CHARGE (BASED ON QUARTER END MARKET VALUE) P.A.
Europe	£8 - £200	0.005 % - 0.70 %
Asia & Australasia	£15 - £100	0.02% - 0.40%
North America	£8 - £50	0.005% - 0.08%
South America	£50- £100	0.07% - 0.40%

- As the Fund invests primarily in other UK unit trusts, it is unlikely that any of these transactions or custody changes will be incurred.
- The OCF expresses the costs of running the Fund as a single figure. This is the overall cost shown as a percentage of the value of the assets of the Fund. It comprises the Annual Management Charge and other additional charges including, but not limited to, the charges of the Trustee, Administrator, Custodian, Registrar and Auditors as well as specified regulatory and legal costs. It does not include the costs of buying or selling investments.
- Liabilities on unitisation, amalgamation or reconstruction arising where the property of a body corporate or another collective investment scheme is transferred to the Trustee in consideration for the issue of Units in the Fund to shareholders in that body or to participate in that other scheme, provided that any liability arising after the transfer could have been paid out of that other property had it arisen before the transfer and proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of transfer.

### **36. DETERMINATION AND DISTRIBUTION OF INCOME**

Each holder of Income Units is entitled, on the relevant income allocation date, to the net income attributable to his holding. Distributions will be paid direct to Unitholders or their bank or building society accounts after deduction of tax. A final distribution will normally be made on or about 31 May in each year, with interim distributions being made on or about 28 February, 31 August and 30 November.

Distribution amounts are calculated by dividing the total amount of income that has accrued in the income account(s) since the last accounting date, by the number of Units in issue; taking account of equalisation.

Any distribution payment which remains unclaimed after a period of six years from the date of payment will be transferred to and become part of the Fund's capital property. Thereafter neither the Unitholder nor any successor will have any right to it except as part of the capital property.

The Trust Deed allows for income equalisation. Part of the purchase price of a Unit reflects the relevant portion of accrued income received or to be received by the Fund. This capital sum is returned to a Unitholder with the first allocation of income in respect of a Unit issued during an accounting period.

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

### **37. UNITHOLDERS' VOTING RIGHTS**

At meetings of Unitholders of the Fund, on a show of hands every Unitholder who (being an individual) is present in person or (being a corporation) is present by one of its officers as its representative has one vote. On a poll, every Unitholder who is present in person or by proxy has one vote for every complete undivided Unit of the Fund's property (and a further part of one vote proportionate to any fraction of an undivided Unit of the Fund's property), represented by the Units of which he is the Unitholder. A Unitholder entitled to more than one vote need not, if he votes, cast all his votes or cast all his votes in the same way. In order to be carried, any resolution must be passed by a majority consisting of 75% or more of the total number of votes cast for and against that resolution.

In the case of joint Unitholders, the vote of the senior who tenders a vote, whether in person or by proxy, is accepted to the exclusion of the votes of the other joint Unitholders and for this purpose seniority is determined by the order in which the names stand in the Register.

On a poll, votes may be given either personally or by proxy. A person appointed to act, as a proxy need not be a Unitholder.

The Manager is entitled to receive notice of and attend any meeting of Unitholders of the Fund but is not entitled to vote or be counted in the quorum. Any associate of the Manager may attend and be counted in the quorum but no associate is entitled to vote at any such meeting, other than an associate which holds units as bare trustee or nominee on behalf of a person (who would be entitled to vote if a registered Unitholder) from whom it has received voting instruction.

### **38. CLASS MEETINGS**

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

### **39. NOTICES TO UNITHOLDERS**

Notices to Unitholders will be given in writing as follows:

Any notice or document to be served on a Unitholder will be duly served if it is:

- Delivered to the Unitholder's address as appearing in the Register (or, at the discretion of the Manager, such other address which may be held for the purposes of correspondence with Unitholders).
- Delivered by using an electronic medium in accordance with COLL.

Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it is posted.

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

Any document or notice to be served on or information to be given to a Unitholder, must be in legible form. For this purpose, any form is legible form which:

- is consistent with the Manager's knowledge of how the recipient of the document wishes or expects to receive the document;
- is capable of being provided in hard copy by the Manager;
- enables the recipient to know or record the time of receipt; and
- is reasonable in the context.

### **40. TERMINATION AND AMALGAMATION**

The Fund will be wound up upon the happening of any of the following events:

- the order declaring the Fund to be an authorised unit trust scheme is revoked; or

- the FCA agreeing to a request by either the Manager or the Trustee for the revocation of the order declaring the Fund to be an authorised unit trust scheme; or
- the effective date of an approved scheme of amalgamation; or
- the effective date of an approved scheme of reconstruction, which results in all the Scheme Property becoming the property of two or more authorised or recognised schemes.

Upon the happening of any of those events the Trustee will cease to issue and cancel units in the Fund; the investment and borrowing powers will cease to apply to the Fund; the Manager will cease to offer and redeem units in the Fund and the Trustee will proceed to wind-up the Fund as follows:

- in the case of an approved scheme of amalgamation or reconstruction, the Trustee will wind up the Fund in accordance with the scheme
- in any other case the Trustee will as soon as practicable realise the Scheme Property and, after paying out of it all liabilities properly so payable and retaining provision for the costs of the winding up, distribute the proceeds to the Unitholders and the Manager proportionately to their respective interests in the Fund. Any unclaimed net proceeds or other cash held by the Trustee after the expiry of twelve months from the date on which the same became payable will be paid by the Trustee into court subject to the Trustee having a right to retain any expenses incurred by him in making that payment.

#### **41. TAXATION**

**The following summary is based on current UK taxation law and HM Revenue & Customs practice which are subject to change. It should not be treated as legal or tax advice. It is intended to offer guidance to persons (other than dealers in securities) on the UK taxation of Authorised Unit Trusts (“AUT”). However, it should not be regarded as definitive nor as removing the desirability of taking separate professional advice. If investors are in any doubt as to their taxation position, or if they may be subject to tax in a jurisdiction other than the UK, they should consult their independent professional adviser. Levels and bases of, and reliefs from, taxation are subject to change in the future.**

##### **TAXATION OF THE FUND**

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

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

##### **INCOME**

The Fund is treated as a company for UK tax purposes and is liable to corporation tax on most sources of its income after relief for management expenses (which include fees payable to the Manager and to the Trustee) at the basic rate of income tax, currently 20%.

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

distributions.

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

## **CHARGEABLE GAINS**

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

## **STAMP DUTY RESERVE TAX**

Stamp Duty Reserve Tax (“SDRT”) is generally charged on any agreements to transfer units in an AUT (other than transactions handled by the fund manager) to third parties at a rate of 0.5% of the consideration.

Generally, no SDRT charge arises on the issue of units in an AUT. However, sometimes SDRT can arise for example where there is an in specie contribution of chargeable securities or where the investor surrenders the units in exchange for chargeable securities (although there are exceptions). Investors should consult their independent professional adviser for more information if they are in any doubt as to whether this affects them.

## **TAXATION OF THE UNITHOLDER**

### **INCOME**

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

Where more than 60% of the Fund is invested in “qualifying investments” (broadly speaking interest paying investments) at all times throughout the distribution period, the distributions made by the Fund will be interest distributions. Where this is not the case, distributions made by the Fund will be a dividend distribution.

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

### **INTEREST DISTRIBUTIONS**

#### **UK RESIDENT INDIVIDUALS**

Interest distributions paid by the Fund (save in respect of distributions to certain qualifying Unitholders) 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 Unitholders will receive interest distributions gross of any tax.

Basic rate taxpayers are entitled to a personal savings allowance of £1,000. Higher rate taxpayers are entitled to a reduced personal savings allowance of £500 and additional rate taxpayers to no allowance

Basic rate, higher rate and additional rate taxpayers are liable to income tax (in the case of basic rate and higher rate taxpayers, on the amount in excess of the applicable personal savings allowance) on any income distributions at the basic rate of 20%, the higher rate of 40% or the additional rate of 45% (as applicable).

### **UK CORPORATE UNITHOLDERS**

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

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

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

### **DIVIDEND DISTRIBUTIONS**

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

### **UK RESIDENT INDIVIDUALS**

During the 2022/23 tax year, dividend distributions are taxed at the following rates:

- 0% for the first £2,000;
- 8.75% for dividends falling within the basic rate band;
- 33.75% for dividends falling within the higher rate band; and
- 39.35% for dividends falling within the additional rate band.

These rates may be subject to change in future tax years.

### **UK CORPORATE UNITHOLDERS**

UK resident corporate Unitholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the voucher. The unfranked portion is generally treated as an annual payment received after deduction of income tax at the basic rate, whereas the balance is treated as franked income – i.e. a dividend. Both annual payments and dividends are liable



to corporation tax in the hands of any UK corporate Unitholder although the franked dividend portion should fall within an exemption from corporation tax.

## **CHARGEABLE GAINS**

### **UK RESIDENT INDIVIDUALS**

Unitholders 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 Units in the Fund. Gains will be tax free if after deduction of allowable losses they fall within an individual's annual capital gains exemption. For the tax year 2022/23, the annual exemption is £12,300.

Gains in excess of the annual exemption amount are taxed at 10% 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 (£37,700 for 2022/23) and at 20% to the extent that they exceed that limit.

### **UK CORPORATE UNITHOLDERS**

UK corporate Unitholders (whose Units are not treated as creditor loan relationships) will be charged to corporation tax on any gains realised after the deduction of allowable losses (if any). The indexation figure that UK corporate Unitholders can deduct will cover only the movement in the Retail Price Index from the date of acquisition of the asset up to 31 December 2017.

**The above statements are only intended as a general summary of UK tax law and practice as at the date of this Prospectus (which may change in the future) applicable to individual and corporate investors who are resident for tax purposes only in the UK, and who are the absolute beneficial owners of a holding in the Fund. Each investor's tax treatment will depend upon the particular circumstances of each investor. In particular, the summary may not apply to certain classes of investors (such as dealers in securities and persons who acquired their shares by reason of employment). Any investor who is in any doubt as to his or her UK tax position in relation to the holding of Units in the Fund should consult his or her UK independent professional adviser.**

## **42. US TAXATION ISSUES/FATCA TAX REPORTING**

**The information which follows is intended as a general guide only and represents the Manager's understanding of certain US taxation issues. It is provided for information purposes only and should not be relied on. Unitholders and prospective Unitholders are recommended to seek their own professional advice.**

The provisions of the Foreign Account Tax Compliance Act (FATCA) were enacted on 18 March 2010 as part of the Hiring Incentive to Restore Employment Act. FATCA includes provisions under which the Manager as a Foreign Financial Institution (FFI) may be required to report directly to the US Internal Revenue Service (IRS) certain information about Units in the Fund held by US Persons for the purposes of FATCA or other foreign entities subject to FATCA and to collect additional identification information for this purpose. Financial institutions that do not enter into an agreement with the IRS and comply with the FATCA regime could be subject to 30% withholding tax on any payment of US source income as well as on the gross proceeds deriving from the sale of securities generating US income made to a unit trust.

The Manager is obliged to comply with the provisions of FATCA under the terms of the inter-governmental agreement (IGA) Model I and under the terms of United Kingdom legislation implementing the IGA rather than under the US Treasury Regulations implementing FATCA. The Manager has registered with the IRS as the sponsoring entity for the Fund to report certain information to HMRC.

In order to comply with its FATCA obligations, the Manager may be required to obtain certain information from Unitholders so as to ascertain their US tax status. If the Unitholder is a specified US Person, US owned non-US entity, non-participating FFI or does not provide the requisite documentation, the Manager will need to report information on these Unitholders to HMRC, in accordance with applicable laws and regulations, which will in turn report this to the US Internal Revenue Service. Provided that the Manager acts in accordance with these provisions, the Fund will not be subject to withholding tax under FATCA.

Unitholders, and intermediaries acting for Unitholders, should note that it is the existing policy of the Manager that Units in the Fund are not being offered or sold for the account of US Persons for the purposes of FATCA and that subsequent transfers of Units to such US Persons are prohibited. If Units in the Fund are beneficially owned by any such US Person, the Manager may in its discretion compulsorily redeem such Units. Unitholders should moreover note that under the FATCA legislation, the definition of “Specified US Persons” will include a wider range of investors than the current US Person definition.

**The Manager reserves the right to redeem the Units of any Unitholder who jeopardises the tax status of the Fund.**

#### **43. INCOME EQUALISATION – TAX IMPLICATIONS**

The price of a Unit of a particular class is based on the value of that class’ entitlement in the Fund, including the income of the Fund since the previous distribution or, in the case of accumulation Units, deemed distribution. In the case of the first distribution received or accumulation made in respect of a Unit, 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 Unitholder. This amount is, however, in the case of income Units, deducted from the cost of the Unit in computing any capital gains. Equalisation applies only to Units purchased during the relevant accounting period. It is calculated as the average amount of income included in the issue price of all Units of the relevant class issued during the period.

#### **44. UK INFORMATION REPORTING REGIME**

Unit trusts are required to report details of interest distributions paid to UK, and many non-UK investors. Dividend distributions and payments made to ISA investors are not within the scope of these rules but see the paragraphs dealing with the “Automatic Exchange of Information” below.

There are also requirements to report cross-border arrangements to the tax authority if certain requirements are met under the International Tax Enforcement (Disclosable Arrangements) Regulations 2020 (as amended from time to time). Investors should consult their independent professional adviser for more information as the obligation to report can in some cases be with the taxpayer.

#### **45. TAX ELECTED FUND (“TEF”) REGIME**

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

#### **46. AUTOMATIC EXCHANGE OF INFORMATION**

Following the repeal of the EU Savings Directive a new automatic exchange of information regime has been implemented under Council Directive 2011/16/EU on administrative co-operation in the field of taxation, as amended by Council Directive 2014/107/EU (“Directive on Administrative Co-operation”). The Directive on Administrative Co-operation, which effectively implements the Organisation for Economic Co-operation and Development’s common reporting standard on automatic exchange of

financial account information in tax matters, requires governments to obtain detailed account information from financial institutions and exchange that information automatically with other jurisdictions annually. The Directive on Administrative Co-operation is, generally, broader in scope than the EU Savings Directive. The UK legislation that implements the Directive is the International Tax Compliance Regulations 2015 and the Regulations are likely to apply to the Fund regardless of the composition or asset class of its investments and whether or not the Fund is a UCITS. The Manager is responsible for identifying the territory in which an account holder or a controlling person is resident for income tax or corporation tax purposes (or similar tax), applying due diligence procedures, keeping information for either: five years starting from the end of the last year in which the account was included in a return submitted to HM Revenue & Customs pursuant to the requirements of the International Tax Compliance Regulations 2015 (as amended from time to time) for a reportable account; or for an account that is not a reportable account five years starting from the end of the last year in which the account was treated as not being a reportable account based on due diligence procedures. Such tasks have been delegated to the Administrator.

**If a Unitholder does not provide the requisite information for tax reporting purposes, the Manager may deduct the amount of any penalty imposed on it from the Unitholder's account.**

#### **47. GENERAL INFORMATION**

##### **Risk Factors**

The price of Units, and any income from them, can go down as well as up, and Unitholders may get back less than they invested. Exchange rates may also cause the value of underlying overseas investments to go down or up. Bonds with lower credit ratings may have a higher risk of defaulting, which may in turn adversely affect the Fund.

##### **Material documents of the Fund**

Copies of the Trust Deed (and deeds supplemental to it), the annual and half yearly long reports and the Prospectus are kept and may be inspected at the Manager's office.

##### **Client Money**

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 Rules.

#### **48. CONFLICTS OF INTEREST**

The Manager and the Trustee are or may be involved in other financial, investment and professional activities which may, on occasion, cause conflicts of interest with the management of the Fund.

In the normal course of business, circumstances resulting in conflicts of interest may arise. We will identify the types of conflicts that may arise between the interests of investors and those of our own with reference to:

- a. the likelihood of making a financial gain or avoiding a loss at the expense of an investor;
- b. whether we have an interest in the outcome of a service or transaction we provide to investors;
- c. whether there is a financial or other incentive to favour the interest of one investor over the interests of other investors;
- d. whether we carry out the same activities performed by investors; and
- e. whether there are inducements deriving from sources other than investors in relation to the services we provide, in the form of monies, goods or services, other than standard commission or fees for the service(s) in question.

Where a potential conflict arises, we are committed to managing these to prevent abuse and protect employees, clients and other counterparties and to ensure that transactions and services are effected on terms which are not materially less favourable than had the potential conflict not existed.

The circumstances in which conflicts of interest might arise include, but are not restricted to, where we deal on an investor's behalf with another company in the Manager, where we act for other investors with an interest in such investments or where the transactions are in units of a fund for which a company in the Manager is the manager.

We are required to identify, manage, record and, where relevant, disclose actual or potential conflicts of interest between ourselves and our clients and between one client and another and to have a written policy in place. Where a conflict of interest cannot be avoided, the Manager will ensure that the Fund is fairly treated. Further detail on our conflicts of interest policy is available on request.

The Manager acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Fund or its Unitholders will be prevented. Should any such situations arise the Manager will disclose these to Unitholders in an appropriate format.

The Manager may carry out any transaction in which it has a material interest or which may involve a conflict with its duty to Unitholders, but will not knowingly do so unless it is satisfied that each transaction is not precluded by law or the Rules and reasonable steps have been taken to ensure fair treatment of the Unitholders at all times.

#### **49. COMPLAINTS HANDLING**

Any complaint about the operation of the Fund should be made initially to the Manager at Thesis Unit Trust Management Limited, Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP.

The Manager aims to resolve all complaints as quickly as possible. Unitholders can request a copy of the Manager's written internal complaints procedure by writing to the above address. Unitholders may also have the right to refer the complaint to the Financial Ombudsman Service, Exchange Tower, London, E14 9SR.

#### **50. FINANCIAL SERVICES COMPENSATION SCHEME ('FSCS')**

A statement of Unitholders rights to compensation in the event of the Fund being unable to meet its liabilities is available from the Financial Services Compensation Scheme. Further details can be found at [www.fscs.org.uk](http://www.fscs.org.uk).

#### **51. INVESTORS' CANCELLATION RIGHTS**

Cancellation rights are accorded to retail investors in situations where they have received advice from an intermediary. Investors who have cancellation rights are identified at the time of dealing in units and are provided with a Cancellation Notice explaining their right to withdraw. Investors who have the right to withdraw must complete and return a Cancellation Request Form (provided with the Cancellation Notice) to the Administrator on or before the 14<sup>th</sup> day after the day on which the investor receives the Cancellation Notice. When an investor decides to withdraw, they are entitled to receive repayment of any money paid to the Administrator subject to a deduction of the amount (if applicable) by which the value of their investment has fallen at the time the Cancellation Request Form is received by the

Administrator. Investors who have received any payments already made to them under the contract will have to repay such amounts.

## **52. COVER FOR PROFESSIONAL LIABILITY RISKS**

As a full scope UK AIFM, the Manager has chosen to cover potential professional liability risks, as set out in Article 12 of the AIFMD level 2 regulation (professional liability risks), via an additional capital requirement in line with Article 14 of the AIFMD level 2 regulation (additional own funds). The additional requirement is 0.0001% of the total funds under management of the Manager.

## **53. BEST EXECUTION**

When executing orders on behalf of the Fund, in relation to financial instruments, the Investment Manager will take all reasonable steps to achieve “best execution” by following policy and procedures which are designed to achieve the best possible execution result, taking into consideration the nature of the Fund’s orders, the priorities the Fund places upon filing the orders and the market in question and which provides, in the reasonable opinion of the Investment Manager, the best balance across a range of sometimes conflicting factors.

The Investment Manager is required to comply with its own order execution policy to allow. . A copy of the Investment Manager’s order execution policy is available upon request from the Manager, or may be available from the Investment Manager’s website.

## **54. VOTING STRATEGY**

Information on the Investment Manager’s strategy for exercising the Fund’s voting rights in relation to its underlying investments is available to Unitholders upon request.

## **55. MANAGER’S TRADING PROFITS**

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

## APPENDIX I

### VALUATION AND PRICING

There are two ways that funds can be priced: singled priced or dual priced.

A single priced fund has a single price for buying and selling Units on any Business Day (the “**Mid Market Value**”) and may be subject to the imposition of a dilution adjustment after which the price to be applied is known as the “**Dealing Price**”.

A dual priced fund has one price at which the investor buys (the “**Buying Price**”) and another (lower) price at which an investor can sell (the “**Selling Price**”).

The Fund is dual priced.

Units will be bought or sold on a forward price basis being the price calculated at the next valuation following receipt of investors’ instructions by the Manager.

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

- All the Scheme Property (including receivables) is to be included, subject to the criteria detailed below.
  - The valuation of the Scheme Property shall consist of two parts, one on an issue basis and one on a cancellation basis calculated in accordance with the following provisions.
1. THE VALUATION OF PROPERTY FOR THAT PART OF THE VALUATION WHICH IS ON AN ISSUE BASIS.

Property which is not cash (or other assets referred to in paragraphs 3 and 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:

1.1. units or shares in a collective investment scheme:

- a. if separate buying and selling prices are quoted, the most recent maximum sale price, less any expected discount (plus any dealing costs, which means any fiscal charges, commission or other charges (but excluding any preliminary charges on sale of Units in a collective investment scheme)) payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction; but where the Manager, or an associate of the Manager, is also the manager or ACD of the collective investment scheme whose Units are held by the Fund, the issue price shall be taken instead of the maximum sale price; or
- b. if a single price for buying and selling Units or shares is quoted, at that price (plus any dealing costs, which means any fiscal charges, commission or other charges (including any preliminary charge)) payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction and including any dilution levy or SDRT provision which would be added in the event of a purchase by the Fund of the Units/shares in question (except that, where the Manager, or an associate of the Manager, is also the manager or ACD of the collective

investment scheme whose Units are held by the Fund, dealing costs must not include a preliminary charge which would be payable in the event of a purchase by the Fund of those Units); or

- c. if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable;

1.2. any other investment

- a. the best available market dealing offer price on the most appropriate market in a standard size (plus any dealing costs, which means any fiscal charges, Commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges)) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- b. if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable.

- 1.3. if any other property, or no price exists under 2.1(c) or 2.2(b), the Manager's reasonable estimate of a buyer's price (plus any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction but excluding any preliminary charge on sale of Units in a collective investment scheme). The buyer's price is the consideration which would be paid by the buyer for an immediate transfer or assignment (or, in Scotland, assignation) to him at arm's length.

2. THE VALUATION OF PROPERTY FOR THAT PART OF THE VALUATION WHICH IS ON A CANCELLATION BASIS IS AS FOLLOWS:

Property which is not cash (or other assets dealt with in paragraphs 3 and 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:

2.1. Units or shares in a collective investment scheme:

- a. if separate buying and selling prices are quoted, the most recent minimum redemption price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction and any charge payable on the sale of Units in a collective investment scheme (except that, where the Manager, or an associate of the Manager, is also the manager or ACD of the collective investment scheme which units are held by the Fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Fund of those Units), less any expected discount);
- b. if a single price for buying and selling units or shares is quoted, at that price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges

(other than fiscal charges)) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction, any redemption charge payable on sale of units in a collective investment scheme, taking account of any expected discount, any dilution levy or SDRT, provision which would be deducted in the event of a sale by the Fund of the Units in question (except that, where the Manager, or an associate of the Manager, is also the manager or ACD of the collective investment scheme whose units are held by the Fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Fund of those Units); or

- c. if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable;

## 2.2. any other investment:

- a) the best available market dealing bid price on the most appropriate market in a standard size (less any dealing costs, which means any fiscal charges, Commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges)) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction); or
- b) if, in the opinion of the Manager, the price obtained is unreliable or no recent traded price is available or if no recent price exists, at a buyer's price which, in the opinion of the Manager, is fair and reasonable.

if any other property, or no price exists under 2.1(c) or 2.2(b), the Manager's reasonable estimate of a seller's price (less any dealing costs, which means any fiscal charges, commission or other charges payable in the event of the Fund carrying out the transaction in question, assuming that the commission and charges (other than fiscal charges) which would be payable by the Fund are the least that could reasonably be expected to be paid in order to carry out the transaction but excluding any redemption charge payable on sale of units in a collective investment scheme, taking account of any expected discount, any dilution levy or SDRT provision which would be deducted in the event of a sale by the Fund of the units in question (except that, where the Manager, or an associate of the Manager, is also the manager or ACD of the collective investment scheme whose units are held by the Fund, dealing costs must not include a redemption charge which would be payable in the event of a sale by the Fund of those units).

## 3. PROPERTY WHICH IS A DERIVATIVE TRANSACTION SHALL BE TREATED AS FOLLOWS:

- a. if a written option, (and the premium for writing the option has become part of the fund property) deduct the amount of the net valuation of premium (estimated on the basis of writing an option of the same series on the best terms then available on the most appropriate market on which such options are traded, but (in the case of the calculation of the issue basis) deduct and (in the case of the calculation of the cancellation basis) add, dealing costs); but if it is an OTC derivative, the valuation methods in the Sourcebook shall be used; or
- b. if an off-exchange future, include at the net value of closing out (in the case of the calculation of the issue basis and cancellation basis, estimated on the basis of the amount of profit or loss receivable or incurable by the Fund on closing out the contract and deducting minimum dealing costs in the case of profit and adding them in the case of loss; but if it is an OTC derivative, the valuation methods in the Sourcebook shall be used; or



- c. if any other form of derivative transaction, include at the net value of margin on closing out (estimated on the basis of the amount of margin (whether receivable or payable by the Fund on closing out the contract) on the best terms then available on the most appropriate market on which such contracts are traded and including minimum dealing costs so that the value is the figure as a negative sum); but if it is an OTC derivative, the valuation methods in the Sourcebook shall be used.

4. CASH AND AMOUNTS HELD IN CURRENT AND DEPOSIT ACCOUNTS SHALL BE VALUED AT THEIR NOMINAL VALUES.

- In determining the value of the Scheme Property, all instructions given to the Trustee to issue or cancel Units shall be assumed (unless the contrary is shown) to have been carried out and any cash paid or received and all required consequential action required by the Regulations or the Trust Deed shall be assumed (unless the contrary is shown) to have been taken.
- Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the Manager, their omission shall not materially affect the final net asset amount.
- Future or contracts for difference which are not yet due to be performed and unexpired written or purchased options which have not been exercised shall not be included under paragraph 6.
- All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the Manager's employment take all reasonable steps to inform it immediately of the making of an agreement.
- 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, value added tax, stamp duty and stamp duty reserve tax.
- Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax thereon (treating periodic items as accruing from day to day).
- Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
- In the case of a margined contract, deduct any amount reasonably anticipated to be paid by the way of variation margin.
- Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- Add any other credits due to be paid into the Scheme Property.
- In the case of a margined contract, add any amount reasonably anticipated to be received by way of variation margin.
- Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

- The valuation is in the Fund base currency. To convert to the base currency the value of the property which would otherwise be valued in another currency the Manager will either:
- select a rate of exchange which represents the average of the highest and lowest rates quoted at the relevant time for conversion of that currency into base currency on the market on which the Manager would normally deal if it wished to make such a conversion; or
- invite the Trustee to agree that it is in the interests of the Unitholders to select a different rate, and, if the Trustee so agrees, use that other rate.

## APPENDIX II

### LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES MANAGED BY THE MANAGER

#### Authorised Investment Companies with Variable Capital

Abaco Fund ICVC  
Arch House Fund  
Ariel Fund  
Bryth ICVC  
CP Investment Funds  
Destiny Fund ICVC  
Harroway Capital ICVC  
Hawarwatza Fund  
Liberio Portfolio Fund  
Lime Grove Fund  
Meadowgate Funds  
Scarp Fund  
Skiwi Fund  
The Ambrose Fund  
The Astral Fund  
The Capital Link Growth Fund  
The Contact Fund  
The Diversification Fund ICVC  
The Dunnottar Fund  
The Global Balanced Strategy Fund  
The Global Multi Asset Fund  
The Gulland Fund  
The Hector Fund  
The Juniper Fund  
The Lockerley Fund  
The Mazener Fund  
The Motim Fund  
The Northern Funds  
The Oenoke Fund  
The Ord Fund ICVC  
The Overstone Fund  
The Penare Fund  
The Saint Martins Fund  
The Staderas Fund  
The Stratford Fund  
The Sun Portfolio Fund  
The TBL Fund  
The TM Lancewood Fund  
The TM Mitcham Fund  
The Vinings Fund  
The Wharton Fund  
Thesis JDS Fund  
TM Acer Fund  
TM Balanced Growth Fund  
TM Brown Advisory Funds  
TM Brunsdon OEIC

#### Authorised Unit Trusts

BPM Trust  
Eden Investment Fund  
Elfyinn International Trust  
Glenhuntley Portfolio Trust  
Hawthorn Portfolio Trust  
KES Diversified Trust  
KES Equity Fund  
KES Growth Fund  
KES Income and Growth Fund  
KES Strategic Investment Fund  
Latour Growth Fund  
Lavaud Fund  
Mossylea Fund  
Pippin Return Fund  
The Darin Fund  
The Delta Growth Fund  
The Eldon Fund  
The Hall Fund  
The HoundStar Fund  
The Iceberg Trust  
The Maiden Fund  
The Norfolk Trust  
The Notts Trust  
The Palfrey Fund  
The TM Stockwell Fund  
The White Hill Fund  
Thesis Headway Fund  
Thesis Lion Growth Fund  
Thesis PM A Fund  
Thesis PM B Fund  
Thesis Thameside Managed Fund  
The TUTMAN B&CE Contracted-out Pension Scheme  
TM Balanced Fund  
TM Chainpoint Fund  
TM Growth Fund  
TM Hearthstone UK Residential Feeder Fund  
TM Managed Fund  
TM Masonic Charitable Foundation Investment Fund  
TM New Court Fund  
TM New Court Equity Growth Fund  
TM New Institutional World Fund  
TM Preservation Fund  
TM Private Portfolio Trust  
TM Stonehage Fleming Global Equities Fund  
TM Stonehage Fleming Global Equities Umbrella Fund

**Authorised Investment Companies with Variable Capital**      **Authorised Unit Trusts**

TM Cerno Investment Funds  
TM Cresswell Fund  
TM CRUX Funds ICVC  
TM CRUX OEIC  
TM First Arrow Investment Funds  
TM Hearthstone ICVC  
TM Investment Exposures Fund  
TM Investment Funds  
TM Lime Fund  
TM Neuberger Berman Investment Funds  
TM Oak Fund  
TM Optimal Funds  
TM P1 Investment Funds  
TM Redwheel Funds  
TM Ruffer Portfolio  
TM Stonehage Fleming Global Multi-Asset  
Umbrella Fund  
TM Stonehage Fleming Investments Funds  
TM Tellworth Investments Funds  
TM Total Return Fund  
TM UBS (UK) Fund  
Trowbridge Investment Funds

## APPENDIX III

### UNIT CLASSES AND CHARACTERISTICS

Unitholders are entitled to participate in the Scheme Property and the income from that property in proportion to their number of Units held by them in the Fund. The nature of the right represented by Units is that of a beneficial interest under a trust.

The Trust Deed permits the issue of a number of different classes and types of Units. At the moment, each class is available as either class E or class F Income Units. An Income Unit represents one undivided Unit.

Each class of Unit may vary by factors such as whether it pays out income or attracts different fees and expenses, and as a result of this monies may be deducted from classes in different proportions. In these circumstances the proportionate interests of the classes within the Fund will be adjusted in accordance with the provisions of the Trust Deed.

The Trustee may create one or more classes of Units as instructed from time to time by the Manager. The creation of additional Unit classes will not result in any material prejudice to the interests of Unitholders of existing Unit classes.

UNIT CLASS	CLASS E	CLASS F
<b>Eligible unitholders</b>	Clients of the Investment Manager whose fees are separately negotiated with the Investment Manager, outside the Fund	No restrictions.
<b>Initial charge</b>	Up to 5.25%. Currently no initial charge is made.	Up to 5.25%. Currently no initial charge is made.
<b>Redemption charge</b>	Up to 5.25%. Currently no redemption charge is made.	Up to 5.25%. Currently no redemption charge is made.
<b>Annual Management Charge</b>	Up to 0.71%	Up to 1.06%
<b>Performance fee</b>	None*	None*
<b>Charge for Investment Research</b>	None	None
<b>Investment minima:</b>		
• <b>initial</b>	£50,000	£50,000
• <b>holding</b>	£1,000	£1,000
• <b>top-up</b>	£1,000	£1,000
• <b>redemption</b>	£1,000	£1,000

\*The Investment Manager does not charge a performance fee directly to the Fund's units in this class but the Fund may invest in other funds which are themselves subject to a performance fee and this will consequently impact on the value of the Fund's units and is therefore a cost borne indirectly by Unitholders in this class.

## APPENDIX IV ELIGIBLE MARKETS

### ELIGIBLE MARKET LIST

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 Manager, after consultation with, and notification to, the Trustee, determines is appropriate for the purpose of investment of, or dealing in, the property of the Fund. In accordance with the relevant criteria in the COLL Sourcebook, such a market must be regulated; operate regularly; recognised as a market or exchange or as a self-regulating organisation by an overseas regulator; open to the public; be adequately liquid; and have adequate arrangements for unimpeded transmission of income and capital to, or to the order of, investors.

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

Australian	-	Australian Securities Exchange
Canada	-	Toronto Stock Exchange
Hong Kong	-	Hong Kong Stock Exchange
Japan	-	Tokyo Stock Exchange
	-	Osaka Securities Exchange
	-	Nagoya Stock Exchange
	-	Sapporo Securities Exchange
Korea	-	Korea Exchange
Malaysia	-	Bursa Malaysia
Mexico	-	Mexican Stock Exchange
New Zealand	-	New Zealand Exchange
Philippines	-	Philippine Stock Exchange
Singapore	-	Singapore Exchange
Switzerland	-	SIX Swiss Exchange
Thailand	-	Stock Exchange of Thailand
Turkey	-	Istanbul Stock Exchange

United States of America

- New York Stock Exchange
- NASDAQ Stock Market
- OTC Bulletin Board (OTCBB)
- Chicago Stock Exchange

## APPENDIX V

### ELIGIBLE DERIVATIVES MARKETS

An “approved derivative” is one which is traded or dealt on an “eligible derivatives market” (paragraph 20) and any of the following markets:

Australia	-	Australian Securities Exchange
Hong Kong	-	Hong Kong Stock Exchange
Japan	-	Osaka Securities Exchange
	-	Tokyo Stock Exchange
New Zealand	-	New Zealand Exchange
Singapore	-	Singapore Exchange
United States of America		
	-	New York Stock Exchange
	-	Chicago Mercantile Exchange



**APPENDIX VI  
HISTORICAL PERFORMANCE**

**Past Performance of the Fund**

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

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

<b>TM Stonehage Fleming Global Equities Fund II</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	%	%	%	%	%
A Income Unit*	12.4	-10.0	17.69	2.12	N/A
E Income Unit	N/A	N/A	N/A	N/A	N/A
F Income Unit	N/A	N/A	N/A	N/A	N/A

*Source: Manager calculations using Northern Trust data, offer-to-offer Net Asset Value (NAV), net dividend reinvested*

\*The figures listed are based on the performance of the Class A Income Units which are no longer available for investment.

As the Class E and Class F Units launched in 2021, there is no available past performance data for these Unit classes. Performance of the Class A Income Units is therefore used here as a proxy for performance of the Class E and Class F Units.

**The value of investments, and the income from them, can go down as well as up. Investors may not get back the amount originally invested.**

**These performance figures are presented as a matter of record and should be regarded as such. Performance is determined by many factors including the general direction and volatility of markets and may not be repeatable.**

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

**APPENDIX VII**  
**ESTABLISHMENT OF COLLECTIVE INVESTMENT SCHEMES**

Any second schemes in which the Fund may invest are established in the locations listed below. This list is not restrictive and may be amended from time to time where the Fund invests in second schemes established in new locations.

*There are none at present.*