



**IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.**

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

**PROSPECTUS**  
**OF**  
**TM TELLWORTH INVESTMENTS FUNDS**  
**(An open-ended investment company**  
**incorporated with limited liability and**  
**registered in England and Wales**  
**under registered number IC001127)**

This document constitutes the Prospectus for TM Tellworth Investments Funds which has been prepared in accordance with the Collective Investment Schemes Sourcebook.

This Prospectus is dated, and is valid as at 10 April 2024.

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



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## TM Tellworth Investments Funds

### Important Information

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

Company have not changed since the date hereof.

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

The Shares have not been and will not be registered in the United States of America under any applicable legislation. They may not be offered or sold in the United States of America, any state of the United States of America or in its territories and possessions or offered or sold to US persons. The Company and the ACD have not been and will not be registered in the United States of America under any applicable legislation.

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

any other matters and are recommended to consult their own professional advisers concerning the acquisition, holding or disposal of Shares.

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

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

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

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

### Data Protection

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



necessary for the provision of services in relation to the ACD's role as operator of the Company. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the UK. In these instances the ACD will take steps to ensure that your privacy rights are respected. Shareholders have the right to access their personal data processed by the ACD together with the right (in certain circumstances) to object to the processing of such data for legitimate reasons.

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A copy of the ACD's Privacy Notice relating to investors is available at [www.tutman.co.uk](http://www.tutman.co.uk) or on request from [compliance@tutman.co.uk](mailto:compliance@tutman.co.uk).

### **Electronic Verification**

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, The Proceeds of Crime Act 2002, the Senior Management Arrangements Systems & Controls Source book and Joint Money Laundering Steering Group guidance notes (which are updated from time to time) state that the ACD must check your identity and the source of the money invested. The ACD may also request verification documents from parties associated with you. In some cases, documentation may be required 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. It may also use your (or your associated party's) details in the future to assist other companies for verifications purposes.

your associated party's) credit rating. It may also use your (or your associated party's) details in the future to assist other companies for verifications purposes.

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

1. **DEFINITIONS**

- "ACD"** Thesis Unit Trust Management Limited, the authorised corporate director of the Company.
- "Act"** means the Financial Services and Markets Act 2000;
- "ACD Agreement"** an agreement between the Company and the ACD.
- "Approved Bank"** in relation to a bank account opened by the Company:
- a) if the account is opened at a branch in the United Kingdom:
    - (I) the Bank of England; or
    - (II) the central bank of a member state of the OECD; or
    - (III) a bank; or
    - (IV) a building society; or
    - (V) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or
  - b) if the account is opened elsewhere:
    - (I) a bank in a); or
    - (II) a bank which is regulated in the Isle of Man or the Channel Islands; or
  - c) a bank supervised by the South African Reserve Bank; or
  - d) a credit institution established in the EEA State and duly authorised by the relevant Home State regulator, as such definition may be updated in the FCA Glossary from time to time.
- "Associate"** any other person whose business or domestic relationship with the ACD or the ACD's associate might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties.
- "Auditor"** Ernst & Young LLP, or such other entity as is appointed to act as auditor to the Company from time to time.
- "Business Day"** a day on which the London Stock Exchange is open. If the London Stock Exchange is closed as a result of a holiday or for any other reason, or there is a holiday elsewhere or other reason which impedes the calculation of the fair market value of a Sub-fund's portfolio of

securities or a significant portion thereof, the ACD may decide that any Business Day shall not be construed as such.

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| <b>"CASS"</b>                 | The requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook, as amended or replaced from time to time.  |
| <b>"Class" or "Classes"</b>   | in relation to Shares, means (according to the context) all of the Shares related to a single Sub-fund or a particular class or classes of Share related to a single Sub-fund.   |
| <b>"CCP"</b>                  | as defined in the FCA Glossary.  |
| <b>"COLL"</b>                 | refers to the appropriate chapter or rule in the COLL Sourcebook.  |
| <b>"COLL Sourcebook"</b>      | the Collective Investment Schemes Sourcebook issued by the FCA as amended from time to time.   |
| <b>"Company"</b>              | TM Tellworth Investments Funds.  |
| <b>"Conversion"</b>           | the exchange of Shares in one Class for Shares of another Class in the same Sub-fund and the act of so exchanging and "Convert" shall be construed accordingly.  |
| <b>"Custodian"</b>            | the person who provides custodian services to the Company being the Northern Trust Company, and its successor or successors as custodian.  |
| <b>"Data Protection Laws"</b> | <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> <ul style="list-style-type: none"><li>(a) the UK GDPR;</li><li>(b) the Data Protection Act 2018;</li><li>(c) any laws which implement any such laws; and</li><li>(d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus); and</li><li>(e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws (in each case whether or not legally binding);</li></ul> |
| <b>"Dealing Day"</b>          | Monday to Friday where these days are Business Days.   |
| <b>"Depositary"</b>           | the person to whom is entrusted the safekeeping of all of the Scheme Property of the Company (other than certain Scheme Property designated by the FCA Rules), being   |

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|  | Northern Trust Investor Services Limited, or such other entity as is appointed to act as Depositary.   |
| <b>“Depositary Services Agreement”</b>           | the agreement between the Company, the ACD and the Depositary, regarding the appointment of the Depositary.  |
| <b>“Director” or “Directors”</b>                 | the directors of the Company for the time being (including the ACD), as the case may be, directors assembled as board (including any committee of such board).   |
| <b>“Distributor”</b>                             | Tellworth Investments LLP with registered number OC417414 and whose principal place of business is at Eagle House, 108-110 Jermyn Street, London SW1Y 6EE.   |
| <b>“EEA”</b>                                     | the European Economic Area.  |
| <b>“EEA State”</b>                               | a member state of the European Union and any other state which is within the EEA.  |
| <b>“EEA UCITS”</b>                               | as defined in the FCA Glossary.  |
| <b>“Efficient Portfolio Management” or “EPM”</b> | as used in this Prospectus shall mean an investment technique where derivatives are used for one or more of the following purposes: reduction of risk, reduction of cost or generation of additional capital or income for a Sub-fund with a risk level which is consistent with the risk profile of the Sub-fund and the risk diversification rules laid down in COLL, as more fully described in Appendix III, paragraph 18 (Efficient Portfolio Management of all Funds). |
| <b>“Eligible Institution”</b>                    | one of certain eligible institutions as defined in the FCA Glossary.   |
| <b>“EMIR”</b>                                    | as defined in the FCA Glossary.  |
| <b>“EUWA”</b>                                    | the European Union (Withdrawal) Act 2018.  |
| <b>“FCA”</b>                                     | the Financial Conduct Authority or any successor regulatory authority from time to time  |
| <b>“FCA Glossary”</b>                            | The glossary giving the meanings of the defined expressions used in the FCA Handbook.  |
| <b>“FCA Handbook”</b>                            | the FCA Handbook of rules and guidance, including COLL, as amended from time to time.  |
| <b>“FCA Rules”</b>                               | The rules contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements contained in the COLL Sourcebook.   |
| <b>“Financial Instrument”</b>                    | as defined in the FCA Glossary.  |

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| <b>“Financial Services Register”</b>              | <p>the public record, as required by section 347 of the Financial Services and Markets Act 2000 (The public record) of every:</p> <ul style="list-style-type: none"> <li>(a) authorised person;</li> <li>(b) AUT;</li> <li>(c) ICVC;</li> <li>(d) ACS;</li> <li>(e) recognised scheme;</li> <li>(f) recognised investment exchange;</li> <li>(g) individual to whom a prohibition order relates;</li> <li>(h) approved person; and</li> <li>(i) person within such other class (if any) as the FCA may determine;</li> </ul> <p>except as provided by any transitional provisions.</p> |
| <b>“Fund Accountant”</b>                          | Northern Trust Global Services SE (UK Branch) or such other entity as is appointed to provide fund accounting services.  |
| <b>“Home State”</b>                               | as defined in the FCA Glossary.  |
| <b>“ICVC”</b>                                     | Investment Company with Variable Capital.  |
| <b>“In Specie”</b>                                | a purchase or sale of Shares that is satisfied not by cash but by the transfer of securities or assets.  |
| <b>“Instrument of Incorporation”</b>              | the instrument of incorporation of the Company as amended from time to time.   |
| <b>“International Tax Compliance Regulations”</b> | the International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time.   |
| <b>“Investment Manager”</b>                       | Tellworth Investments LLP, the investment manager to the ACD in respect of the Company.  |
| <b>“IOSCO”</b>                                    | the International Organisation of Securities Commissions.  |
| <b>“Key Investor Information Document”</b>        | the Company publishes a Key Investor Information Document (a "KIID") for each Share Class of each Sub-fund which contains information to help investors understand the nature and the risks of investing in the Sub-fund. A KIID must be provided to investors prior to subscribing for Shares so they can make an informed decision about whether to invest.  |
| <b>“Net Asset Value” or</b>                       | the value of the Scheme Property of the Company or of  |

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| <b>"NAV"</b>                        | any Sub-fund (as the context may require) less the liabilities of the Company (or of the Sub-fund concerned) as calculated in accordance with the Instrument of Incorporation.  |
| <b>"Non-UCITS retail scheme"</b>    | an authorised fund which is not a UK UCITS, a qualified investor scheme or a long-term asset fund.  |
| <b>"OECD"</b>                       | the Organisation for Economic Co-operation and Development.   |
| <b>"OEIC Regulations"</b>           | The Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time.  |
| <b>"OTC"</b>                        | over-the-counter derivative: a derivative transaction which is not traded on an investment exchange.  |
| <b>"Prospectus"</b>                 | the prospectus of the Company prepared in accordance with the COLL Sourcebook.  |
| <b>"Register"</b>                   | the register of Shareholders of the Company.  |
| <b>"Registrar"</b>                  | Northern Trust Global Services SE (UK Branch), or such other entity as is appointed to act as Registrar to the Company from time to time.   |
| <b>"Regulated Activities Order"</b> | the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).  |
| <b>"Regulations"</b>                | the OEIC Regulations and the FCA Handbook (including the COLL Sourcebook).  |
| <b>"SDRT"</b>                       | Stamp Duty Reserve Tax.   |
| <b>"Scheme Property"</b>            | The Scheme Property of the Company or a Sub-fund (as appropriate) to be held by the Depositary for safekeeping, as required by the FCA Handbook.  |
| <b>"Share" or "Shares"</b>          | a share or shares in the Company (including larger denomination shares, and smaller denomination shares equivalent to one thousandth of a larger denomination share).   |
| <b>"Shareholder"</b>                | a holder of registered Shares in the Company.   |
| <b>"Sterling"</b>                   | Pounds Sterling of the United Kingdom.  |
| <b>"Sub-fund" or "Sub-funds"</b>    | a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective applicable to such sub-fund. |
| <b>"Switch"</b>                     | the exchange of Shares of one Class in a Sub-fund for Shares in any Class of a different Sub-fund and the act of  |

|   |  |   |
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|   |  | so exchanging and "Switching" shall be construed accordingly.   |
| <b>"SYSC"</b>                                     |  | the Senior Management Arrangement Systems and Controls sourcebook issued by the FCA pursuant to the Act, as amended or replaced from time to time.  |
| <b>"International Tax Compliance Regulations"</b> |  | means The International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time.  |
| <b>"UCITS"</b>                                    |  | Undertaking for Collective Investment in Transferable Securities. This will include a UCITS scheme or an EEA UCITS scheme, as defined in the FCA Glossary.  |
| <b>"UCITS Directive"</b>                          |  | the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC), as amended.   |
| <b>"UK" or "United Kingdom"</b>                   |  | the United Kingdom of Great Britain and Northern Ireland.   |
| <b>"UK GDPR"</b>                                  |  | Regulation 2016/679 of the European Parliament and of the Council of 27 <sup>th</sup> April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA, and any statutory instruments that the UK government makes to amend deficiencies in retained European Union law by virtue of section 8 of the EUWA (as may be amended from time to time) following the UK's withdrawal from the European Union. |
| <b>"UK UCITS"</b>                                 |  | as defined in the FCA Glossary.   |
| <b>"UK UCITS Regulations"</b>                     |  | the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 SI 2019/325 incorporating European directives or other European legislation relating to undertakings for collective investment in transferable securities into UK domestic law following the UK's withdrawal from the European Union).  |
| <b>"US" States" or "United States"</b>            |  | the United States of America (including the States and the District of Columbia) and any of its territories, possessions and other areas subject to its jurisdiction.   |
| <b>"US Persons"</b>                               |  | means a person who is in either of the following two categories:  |

- (a) A person included in the definition of "US Person" under Rule 902 of Regulation S of the 1933 Act; or
- (b) A person excluded from the definition of a "Non-United States person" as used in Commodity Futures Trading Commission ("CFTC") Rule 4.

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

**"Valuation Point"**

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

The current Valuation Point is 12 noon London time on each Dealing Day or the last Business Day prior to those days annually where the valuation may be carried out at a time agreed in advance between the ACD and the Depository.

**"VAT"**

Value Added Tax.

**"1933 Act"**

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

**"1940 Act"**

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

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

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

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

Unless otherwise defined in paragraph 1 or elsewhere in this Prospectus, words or expressions defined in or for the purposes of the OEIC Regulations, the Act or the FCA Rules shall bear the same meaning in this Prospectus.

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.



aw and regulation.

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

### 2.1 **General Information**

#### 2.1.1 **General**

TM Tellworth Investments Funds (the Company) is an investment company with variable capital incorporated in England and Wales under registered number IC001127 and authorised by the FCA with effect from 29 October 2018. Please note that approval by the FCA in this context does not in any way indicate or suggest endorsement or approval of the Company as an investment. The FCA's Product Reference Number ("PRN") for the Company is 820076. Refer to paragraph 2.2.1 for PRNs of the Sub-fund(s). The Company has an unlimited duration. The circumstance in which the Company may be wound up is set out at paragraph 11.

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

The ACD is the authorised fund manager of other authorised unit trusts and open-ended investment companies: see paragraph 6.2.1.

The investor profile is set out in Appendix VI.

#### 2.1.2 **Head Office**

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

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

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

#### 2.1.4 **Base Currency**

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

#### 2.1.5 **Share Capital**

Maximum            £100,000,000,000

Minimum            £1

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

Shares in the Company may be marketed to the public in the UK. However, the Company will not be able to apply to the regulatory authorities in the European Union to market Shares under the UCITS Directive in those states.

Each of the Sub-funds of the Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Sub-fund may harm performance by disrupting portfolio management strategies and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to a Sub-fund. For these purposes, the ACD may consider an investor's trading history in the Sub-funds or other Thesis Unit Trust Management Limited funds and accounts under common ownership or control.

## 2.2 The Structure of the Company

### 2.2.1 The Sub-funds

The Company is structured as an umbrella company, in that different Sub-funds may be established from time to time by the ACD with the approval of the FCA. As at the date of this Prospectus, the Company currently has one Sub-fund available for investment: '**TM Tellworth UK Smaller Companies Fund**'. The PRN for the Sub-fund is set out in Appendix I. On the introduction of any new Sub-fund or Class, a revised prospectus will be prepared setting out the relevant details of each Sub-fund or Class.

The Company is a UK UCITS scheme for the purposes of the Regulations.

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

Each Sub-fund will generally invest in "approved securities", which are transferable securities which are admitted to, or dealt in on, an eligible market as defined for the purposes of the COLL Sourcebook. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-fund is set out in Appendix III.

urities", which are transferable securities which are admitted to, or dealt in on, an eligible market as defined for the purposes of the COLL Sourcebook. A detailed statement of the general investment and borrowing restrictions in respect of each type of Sub-fund is set out in Appendix III.

The Sub-funds are segregated portfolios of assets and, accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Sub-fund and shall not be available for any such purpose.

es of, or claims against, any other person or body, including the Company and any other Sub-fund and shall not be available for any such purpose.

Subject to the above, each Sub-fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Sub-fund, and within each Sub-fund charges will be allocated between Classes in accordance with the terms of issue of Shares of those Classes. Any assets, liabilities, expenses, costs or charges not attributable to a particular Sub-fund may be allocated by the ACD in a manner which it believes is fair to the Shareholders generally. This will normally be pro rata to the Net Asset Value of the relevant Sub-funds.

Please also see paragraph 5.6 below "Liabilities of the Company and the Sub-funds".

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

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

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

ights to acquire further Shares.

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

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

respect of the new Class of Shares.

The net proceeds from subscriptions to a Sub-fund will be invested in the specific pool of assets constituting that Sub-fund. The Company will maintain for each current Sub-fund a separate pool of assets, each invested for the exclusive benefit of the relevant Sub-fund.

To the extent that any Scheme Property, or any assets to be received as part of the Scheme Property, or any costs, charges or expenses to be paid out of the Scheme Property, are not attributable to one Sub-fund only, the ACD will allocate such Scheme Property, assets, costs, charges or expenses between Sub-funds in a manner which is fair to all Shareholders of the Company.

ch Scheme Property, assets, costs, charges or expenses between Sub-funds in a manner which is fair to all Shareholders of the Company.

The Company may issue income and accumulation Shares in respect of each Sub-fund.

All shares currently available in the Sub-funds are accumulation shares. Holders of accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Sub-fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an accumulation Share.

The Class F (Founder) Shares may only be issued to investors introduced by the Investment Manager or to such other persons as may be determined by the ACD in its sole discretion.

other persons as may be determined by the ACD in its sole discretion.

The Class M (Management) Shares may only be issued to employees of the Investment Manager and related entities or to such other persons as may be determined by the ACD in its sole discretion. Upon an employee leaving the employment of the Investment Manager or a related entity, they will be entitled to retain their existing investment in the Management Shares but will not be eligible to make further investment in the Management Shares.

Further details of the Shares presently available for each Sub-fund, including details of their criteria for subscription and fee structure, are set out in Appendix I.

cluding details of their criteria for subscription and fee structure, are set out in Appendix I.

The Instrument of Incorporation allows gross income and gross accumulation Shares to be issued, as well as net income and net accumulation Shares, however currently no gross Shares are in issue. Net Shares are Shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of income Shares) or credited periodically to capital (in the case of accumulation Shares), in either case in accordance with relevant tax law, net of any tax deducted or accounted for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net Shares unless otherwise stated.

for by the Company. Gross Shares are income or accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by the Company. All references in this Prospectus are to net Shares unless otherwise stated.

Where a Sub-fund has different Classes, each Class may attract different charges and so monies may be deducted from the Scheme Property attributable to such Classes in unequal proportions. In these circumstances, the proportionate interests of the Classes within a Sub-fund will be adjusted accordingly.

Shareholders are entitled (subject to certain restrictions) to Switch all or part of their Shares in a Class or a Sub-fund for Shares of another Class within the same Sub-fund or for Shares of the same or another Class within a different Sub-fund of the Company. Details of this switching facility and the restrictions are set out in paragraph 3.4 "Conversion and Switching".

ther Class within a different Sub-fund of the Company. Details of this switching facility and the restrictions are set out in paragraph 3.4 "Conversion and Switching".

Shares are not listed or dealt on any investment exchange.

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

The dealing office of the ACD is normally open from 9 a.m. to 5 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by telephone on each Business Day (at the ACD's discretion) between 9 a.m. and 5 p.m. (London time) directly to the office of the ACD (telephone: 0333 300 0375) or such other number as published from time to time).

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

#### *Electronic Communications*

The ACD will accept instructions to transfer title or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the investor 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 ACD and the person making the communication as to:
  - (i) the electronic media by which such communications may be delivered; and
  - (ii) how such communications will be identified as conveying the necessary authority; and
- (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 investor.

Telephone calls may be recorded: see paragraph 12.8. The ACD may also, at its discretion, introduce further methods of dealing in Shares in the future.

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

### 3.1 **Money Laundering**

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

In the case of a purchase of Shares where the applicant is not willing or is unable to provide the information requested (i) in the event that the investor or the investor's duly authorised agent instructs a sale of those shares the ACD may refuse to pay the proceeds of sale until satisfactory proof of identity has been provided or (ii) the ACD may sell the Shares purchased and at the ACD's sole discretion return the proceeds to the account from which the subscription was made or withhold the proceeds of sale until satisfactory evidence of identity has been provided. These proceeds may be less than the original investment.

### 3.2 **Buying Shares**

#### 3.2.1 **Procedure**

Shares may be bought directly from the ACD or through a professional adviser or other intermediary. For details of dealing charges see paragraph 3.5 below. Application forms may be obtained from Thesis Unit Trust Management Limited at the dealing office of the Administrator.

The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

Any subsequent application to purchase shares must confirm that the investor has received, read and understood the Key Investor Information Document for the share class of the Sub-fund to be invested in.

Valid applications to purchase Shares in a Sub-fund will be processed at the Share price calculated, based on the Net Asset Value per Share, at the next Valuation Point following receipt of the application, except in the case where dealing in a Sub-fund has been suspended as set out in paragraph 3.11.

Settlement is due by no later than the fourth Business Day following the Valuation Point. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application. Investors will not receive title to Shares until cleared funds have been received from the investor and received by the Sub-Fund.

The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue (being more than five Business Days of receipt of an application form or other instruction) and any loss arising

on such cancellation shall be the liability of the applicant. In the event of such a sale or realisation, the ACD shall be entitled to transfer such investments to such persons as it shall specify and, recover any shortfall from that investor. The ACD is not obliged to issue Shares unless it has received cleared funds from an investor.

s received cleared funds from an investor.

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

A purchase of Shares in writing or by telephone or any other communication media made available is a legally binding contract. Applications to purchase, once made are, except in the case where cancellation rights apply, irrevocable. An order for the purchase of Shares will only be deemed to have been accepted by the ACD once it is in receipt of cleared funds for the application.

the application.

Settlement should be made by electronic bank transfer to the bank account detailed on the application form. Alternatively, for amounts less than £50,000 a cheque, which should accompany the application form, can be sent for the full amount, made payable to "Thesis Unit Trust Management Limited".



However, subject to its obligations under the Regulations, the ACD has the right to reject, on reasonable grounds relating to the circumstances of the investor, any application for Shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the investor. No interest will be paid on such funds.

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

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

### **3.2.2 Documents the Buyer will Receive**

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

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

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

### **3.2.3 Initial Offer Period**

Details of the initial offer period for any Sub-fund (if applicable) will be set out in Appendix I.

### **3.2.4 Minimum Subscriptions and Holdings**

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

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

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

### 3.3 Redeeming Shares

#### 3.3.1 Procedure

Every Shareholder is entitled on any Dealing Day to redeem their Shares, which shall be purchased by the ACD dealing as principal.

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

A redemption instruction in respect of Shares in writing or by telephone or any other communication media made available is a legally binding contract. However, an instruction to the ACD to redeem Shares, although irrevocable, may not be settled by either the Company or the ACD if the redemption represents Shares where the money due on the earlier purchase of those Shares has not yet been received or if documentation or anti-money laundering information which the ACD considers is sufficient for the ACD to meet and discharge its obligations under the regulatory system has not been received by the ACD.

For details of dealing charges see paragraph 3.5 below.

#### 3.3.2 Documents a Redeeming Shareholder will Receive

A confirmation giving details of the number and price of Shares redeemed will be sent to the redeeming Shareholder (or the first named Shareholder, in the case of joint Shareholders) together with (if sufficient written instructions have not already been given) a form of renunciation for completion and execution by the Shareholder (or, in the case of a joint holding, by all the joint Shareholders) no later than the end of the Business Day following the later of the request to redeem Shares or the Valuation Point by reference to which the price is determined.

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

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

No interest will be paid on redemption proceeds held whilst the ACD awaits receipt of all relevant documentation necessary to complete a redemption. Shares that have not been paid for cannot be redeemed.

necessary to complete a redemption. Shares that have not been paid for cannot be redeemed.

The ACD shall not be liable for any costs or losses whatsoever in the event that documentation provided is not sufficient to enable the ACD to discharge all applicable obligations under the regulatory system including, but not limited to, The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended).

### 3.3.3 **Minimum Redemption**

The ACD reserves the right to refuse a redemption request if the remaining value of the Shares of any Sub-fund held is less than the minimum holding stated in respect of the appropriate Class in the Sub-fund in question (see Appendix I).

## 3.4 **Conversion and Switching**

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

A Conversion is an exchange of Shares in one Class for Shares of another Class in the same Sub-fund.

A Switch is an exchange of Shares of one Class for Shares in a Class of another Sub-fund.

Conversions and Switches will be effected by the ACD recording the change of Class (and, in the case of Switches the change of Sub-fund) on the Register at the next Valuation Point following receipt of instructions by the ACD.

The number of New Shares issued to a Shareholder following a Conversion or a Switch will be determined by reference to the price of the Original Shares relative to the price of the New Shares at the relevant Valuation Point.

If a Shareholder wishes to Convert or Switch Shares they should contact the ACD for further information. Instructions may be given by telephone but Shareholders are required to provide written instructions to the ACD (which, in the case of joint Shareholders, must be signed by all the joint Shareholders) before the Switch or Conversion is effected.

joint Shareholders) before the Switch or Conversion is effected.

The ACD may at its discretion make a charge on the Switching of Shares. Any such charge on Switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Shares originally held and any initial charge on the Shares into which the Shareholder has Switched. For details of the charges on Switching currently payable, please see the "Charges on Switching and conversion" paragraph below. There is no charge payable on a Conversion.

raph below. There is no charge payable on a Conversion.

If a partial Conversion or Switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, exchange the whole of the Shareholder's holding of Original Shares to New Shares (and make a charge for this) or refuse to effect any Conversion or Switch of the Original Shares.

Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a Conversion or a Switch. Written instructions must be received by the ACD before the Valuation Point on a Dealing Day in the Sub-funds concerned to be dealt with at the prices at the Valuation Point on that Dealing Day or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree. Requests to Switch or Convert received after a Valuation Point will be held over until the next day which is a Dealing Day for the relevant Sub-fund or Sub-funds.

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The ACD may adjust the number of New Shares to be issued to reflect the application of any charge on Switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

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

**Please note a Switch of Shares is treated as a redemption of the Original Shares and a purchase of New Shares and, for persons subject to United Kingdom taxation, will be a realisation of the Original Shares for the purposes of capital gains taxation. It may give rise to a liability to tax, depending upon the Shareholder's circumstances.** 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 Shareholder who Switches Shares in one Sub-fund for Shares in any other Sub-fund or who Converts between Classes of Shares will not be given a right by law to withdraw from or cancel the transaction.**

The ACD may also, in its sole discretion, Convert some or all of the Shares held by any Shareholder in a Sub-fund from one Class of Shares to another Class of Shares in the same Sub-fund, provided that the terms of the original Shares are substantially similar to the New Shares and, in any event, the Conversion does not materially prejudice any such Shareholder. The ACD will provide the Shareholder with 60 days' prior notice of any such Conversion.

### 3.5 **Dealing Charges**

The price per Share at which Shares are bought, redeemed or switched is the Net Asset Value per Share. Any initial charge or redemption charge, is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

### 3.5.1 **Initial Charge**

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

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

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

From the initial charge received, or out of its other resources, the ACD may pay a commission to relevant intermediaries.

### 3.5.2 **Redemption Charge**

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

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

### 3.5.3 **Charges on Switching and Conversions**

The ACD is permitted to impose a charge where a Shareholder Switches or Converts their Shares.

The charge on Switching and Conversions is payable by the Shareholder to the ACD. The charge will be no more than the excess of the initial charge applicable to New Shares over the initial charge applicable to the Original Shares as specified in Appendix I.

The ACD's current policy is to allow Switches free of any initial charge.

There is currently no charge for Conversions of Shares in one Class of a Sub-fund for Shares in another Class of the same Sub-fund.

#### 3.5.4 **Dilution Adjustment**

The actual cost of purchasing or selling assets and investments in a Sub-fund may vary due to dealing charges, taxes, and any spread between buying and selling prices of the underlying investments of a Sub-fund. These costs could have an adverse effect on the value of the Sub-fund, known as "dilution". In order to mitigate the effect of dilution the ACD may at its discretion adjust the sale and purchase price of Shares to take into account the possible effects of dilution to arrive at the price of the Shares. This practise is known as making a "dilution adjustment". The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in a Sub-fund. If the price of the Shares does contain a dilution adjustment, such dilution adjustment will be paid into the Fund and will become part of the property of the Sub-fund thus mitigating the effects of dilution that would otherwise constrain the future growth of the Sub-fund.

s. This practise is known as making a "dilution adjustment". The power to make a dilution adjustment may only be exercised for the purpose of reducing dilution in a Sub-fund. If the price of the Shares does contain a dilution adjustment, such dilution adjustment will be paid into the Fund and will become part of the property of the Sub-fund thus mitigating the effects of dilution that would otherwise constrain the future growth of the Sub-fund.

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

Dealing Day. The dilution adjustment is calculated using the estimated dealing costs of the Sub-fund's underlying investments and taking into consideration any dealing spreads, commission and transfer taxes.

The discount or premium to NAV per Share will depend on the volume of subscriptions or redemptions of Shares and the ACD is not currently able to predict the likely frequency of such events. The ACD may in its discretion make a dilution adjustment if, in its opinion, the existing Shareholders, in the case of subscriptions, or remaining Shareholders, in the case of redemptions, might otherwise be adversely affected, and making a dilution adjustment is, so far as practicable, fair to all Shareholders and potential Shareholders. In particular, the dilution adjustment may be made in relation to a Sub-fund in the following circumstances:

ntial Shareholders. In particular, the dilution adjustment may be made in relation to a Sub-fund in the following circumstances:

- i. where the Sub-fund is expanding or contracting;
- ii. where the Sub-fund is experiencing a large net subscription position or a large net redemption position relative to its size on any Dealing Day (for these purposes a large net position (subscription or redemption) would be 2% of the value of the Sub-Fund);

- iii. in any other case where the ACD is of the opinion that the interests of Shareholders requires the imposition of a dilution adjustment

A Sub-fund is regarded as expanding where, based on the daily movements in and out of the Sub-fund, the Sub-fund has experienced a net inflow of money over a period of time. A Sub-fund is regarded as contracting where, over a period of time, the Sub-fund has experienced a net outflow. A Sub-fund is regarded as level where it is considered to be neither expanding nor contracting based on the above criteria.

Where a Sub-fund is expanding, the ACD will normally swing the price to "offer" (i.e. increase the price by the premium rate detailed above), however in the event of net outflows on a given Dealing Day the ACD may leave the price at "mid" or swing the price to "bid" (i.e. reduce the price by the discount rate detailed above) if the outflows are of significant size relative to the size of the Sub-fund.

the Sub-fund.

Where a Sub-fund is contracting, the ACD will normally swing the price to "bid", however in the event of net inflows on a given Dealing Day the ACD may leave the price at "mid" or swing the price to "offer" if the inflows are of significant size relative to the size of the Sub-fund.

On the occasions when a dilution adjustment is not applied if a Sub-fund is in a net subscription position or a net redemption position, there may be an adverse impact on the assets of the Sub-fund attributable to each underlying Share, although the ACD does not consider this to be likely to be material in relation to the potential future growth in value of a Share. As dilution is directly related to the inflows and outflows of monies from a Sub-fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make a dilution adjustment.

will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the ACD will need to make a dilution adjustment.

The dilution adjustment will be applied to the Net Asset Value per Share in each Class resulting in a figure calculated up to four decimal places. The final digit in this figure will then be rounded either up or down in accordance with standard mathematical principles resulting in the final price for the Shares. The most recent dilution adjustment figures can be obtained from the ACD on request.

nt figures can be obtained from the ACD on request.

In normal market conditions and under the tax and exchange fee regimes currently in operation in the relevant markets, the dilution adjustment is, based on projections, likely to be in the range of NAV - 2% to NAV +2% and applied on a daily basis.

It is the ACD's opinion that it is likely that dilution adjustment will be made. The ACD opinion is based on projected dealing volumes.

For illustrative purposes, the table below shows historic information on dilution adjustments to the Share price:

| Name                                   | Estimated Dilution Adjustment (%) applicable for purchases as at 31 December 2023 | Estimated Dilution Adjustment (%) applicable for sales as at 31 December 2023 | Number of days on which a Dilution Adjustment has been applied over the period 1 January 2023 to 31 December 2023 |
|--|---|---|---|
| TM Tellworth UK Smaller Companies Fund | 2.00%   | 2.00%   | 4   |

### 3.6 Transfers

Shareholders are entitled to transfer their Shares to another person or body. All transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. However, the ACD in its discretion, may also accept electronic transfers in a format specified by the ACD. Completed instruments of transfer, together with such documentary evidence of proof of identity as may have be requested by the ACD, must be returned to the ACD in order for the transfer to be registered. The ACD shall not be liable for any costs or losses that may be incurred as a result of any failure to or delay in providing satisfactory evidence of identity to the ACD.

### 3.7 Restrictions and Compulsory Transfer, Conversion and Redemption

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

ia, reject in its discretion any application for the purchase, redemption, transfer or switching of Shares.

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

- (a) are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory; or
- (b) would result in the Company incurring any liability to taxation which the Company would not be able to recoup itself or suffering any other adverse consequence (including a requirement to register under any securities or investment or similar laws or governmental regulation of any country or territory); or



- (c) are held in any manner by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case; or
- (d) are owned by a Shareholder who is registered in a jurisdiction (where the Company is not registered or recognised by the relevant competent authority) whereby communication with that Shareholder by the ACD, on behalf of the Company, might constitute a breach of the regulations in that jurisdiction (unless specific action is taken by the ACD to prevent such a communication constituting a breach).

The ACD may give notice to the Shareholder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing is given for the redemption of such Shares in accordance with the COLL Sourcebook. If any Shareholder upon whom such a notice is served does not within 30 days after the date of such notice transfer the affected Shares to a person qualified to own them or submit a written request for their redemption to the ACD or establish to the satisfaction of the ACD (whose judgement is final and binding) that they or the beneficial owner is qualified and entitled to own the affected Shares, they shall be deemed upon the expiry of that 30 day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of all the affected Shares.

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

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

Sourcebook.

In addition, the ACD may upon 60 days' written notice to Shareholders, combine/consolidate two or more Share Classes in a Sub-fund. Such a consolidation takes place by way of a compulsory Conversion of the Shares of one Class into another Class. Conversion may be required if the ACD reasonably believes it is the best interests of Shareholders to reduce the number of available Share Classes.

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

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

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

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

### 3.9 **In Specie Redemptions**

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

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

If a Shareholder redeems Shares in specie in return for an appropriate value of assets out of the Company, there will be no Stamp Duty Reserve Tax ('SDRT') on UK equities provided the Shareholder receives a proportionate part of each holding. Otherwise the Shareholder will be liable to SDRT at 0.5% on the value of any UK equities transferred. Refer to paragraph 10.2.3.

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

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

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

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

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

, fair and not misleading way and giving Shareholders details of how to find further information about the suspension.

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

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

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

iven to Shareholders.

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

### 3.11 **Governing Law**

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

### 3.12 **Client Money Rules**

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

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

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

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

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

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

#### 4. **VALUATION OF THE COMPANY**

##### 4.1 **General**

The price of a Share is calculated by reference to the Net Asset Value of the Sub-fund to which it relates. The Net Asset Value per Share of a Sub-fund is currently calculated at 12.00 noon (London time) (this being the Valuation Point) on each Dealing Day.

The ACD may at any time during a Business Day carry out an additional valuation if it considers it desirable to do so. The ACD shall inform the Depositary of any decision to carry out any such additional valuation. Valuations may be carried out for effecting a scheme of amalgamation or reconstruction which does not create a Valuation Point for the purposes of dealings. Where permitted and subject to the Regulations, the ACD may, in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

nce the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

The ACD will, upon completion of each valuation, notify the Depositary of the price of Shares, of each Class of each Sub-fund and the dilution adjustment (if any) applicable in respect of any purchase or redemption of Shares.

“Late Trading” is defined as the acceptance of a subscription, redemption or Switch order received after the Fund’s applicable valuation point for that Dealing Day. Late Trading is not permitted. A request for dealing in Shares must be received by the Valuation Point on a particular Dealing Day in order to be processed on that Dealing Day. A dealing request received after this time will be held over and processed on the next Dealing Day, using the Net Asset Value per Share calculated as at the Valuation Point on that next Dealing Day.

nt on that next Dealing Day.

#### 4.2 **Calculation of the Net Asset Value**

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

4.2.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.

4.2.2 Scheme Property which is not cash (or other assets dealt with in paragraph 4.2.2.4 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

4.2.2.1 Units or shares in a collective investment scheme:

(a) if a single price for buying and redeeming units or shares is quoted, at that price; or

(b) if separate buying and redemption prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the redemption price has been increased by any exit or redemption charge attributable thereto; or

(c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD’s best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

- (d) ares, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.2 Any other transferable security:
  - (a) if a single price for buying and redeeming the security is quoted, at that price; or
  - (b) if separate buying and redemption prices are quoted, at the average of the two prices; or
  - (c) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.3 Scheme Property other than that described in paragraphs 4.2.2.1 and 4.2.2.2 above, at a value which, in the opinion of the ACD, is fair and reasonable;
- 4.2.2.4 Cash and amounts held in current and deposit accounts and in other time related deposits shall be valued at their nominal values.
- 4.2.3 Scheme Property which is a contingent liability transaction shall be treated as follows:
  - 4.2.3.1 if it is a written option (and the premium for writing the option has become part of the Scheme Property), deduct the amount of the net valuation of premium receivable. If the Scheme Property is an off exchange option the method of valuation shall be agreed between the ACD and the Depositary;
  - 4.2.3.2 if it is an off exchange future, include it at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 4.2.3.3 if it is any other form of contingent liability transaction, include it at the net value of margin on closing out (whether as a positive or negative value). If the Scheme Property is an off exchange derivative, include it at a valuation method agreed between the ACD and the Depositary.
- 4.2.4 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
- 4.2.5 Subject to paragraphs 4.2.6 and 4.2.7 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.

- 4.2.6 amount if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
- 4.2.7 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 4.2.5.
- 4.2.8 All agreements are to be included under paragraph 4.2.5 which are, or ought reasonably to have been, known to the person valuing the Scheme Property.
- 4.2.9 Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT and any foreign taxes or duties.
- 4.2.10 Deduct an estimated amount for any liabilities payable out of the Scheme Property and any tax or duty thereon, treating periodic items as accruing from day to day.
- 4.2.11 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.
- 4.2.12 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
- 4.2.13 Add any other credits or amounts due to be paid into the Scheme Property.
- 4.2.14 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
- 4.2.15 Currencies or values in currencies other than Sterling shall be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

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

The price per Share at which Shares are bought or are redeemed is the Net Asset Value per Share. Any initial charge or redemption charge is payable in addition to the price or deducted from the proceeds and is taken from the gross subscription or redemption monies.

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

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

#### 4.4 **Fair Value Pricing**

- 4.4.1 Where the ACD has reasonable grounds to believe that:



- 4.4.1.1 no reliable price exists for a security (including a unit/share in a collective investment scheme) at a Valuation Point; or
  - 4.4.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the security (including a unit/share in a collective investment scheme) at the Valuation Point;
  - 4.4.1.3 it can value an investment at a price which, in its opinion, reflects a fair and reasonable price for that investment (the fair value price).
- 4.4.2 The circumstances which may give rise to a fair value price being used include:
- 4.4.2.1 no recent trade in the security concerned; or
  - 4.4.2.2 suspension of dealings in the security concerned; or
  - 4.4.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the security is taken.
- 4.4.3 In determining whether to use such a fair value price, the ACD will include in its consideration but need not be limited to:
- 4.4.3.1 the type of authorised fund concerned;
  - 4.4.3.2 the securities involved;
  - 4.4.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;
  - 4.4.3.4 the basis and reliability of the alternative price used; and
  - 4.4.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

#### 4.5 **Pricing Basis**

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

#### 4.6 **Publication of Prices**

The most recent prices will appear daily on the Trustnet website at [www.trustnet.com](http://www.trustnet.com) and are available by calling 0333 300 0375.

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

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

## 5. **RISK FACTORS**

Potential investors should consider the following risk factors before investing in the Company (or in the case of specific risks applying to specific Sub-funds).

### 5.1 **General**

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

iven to this effect. The level of any yield for a Sub-fund may be subject to fluctuations and is not guaranteed.

The entire market of a particular asset class or geographical sector may fall, having a more pronounced effect on a Sub-fund heavily invested in that asset class or region.

### 5.2 **Effect of Redemption Charge**

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

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

ill show a corresponding increase. Currently there is no redemption charge levied on Shares.

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

### 5.3 **Dilution**

A Sub-fund may suffer a reduction in the value of its Scheme Property due to dealing costs incurred when buying and selling investments. To offset this dilution effect the ACD may apply a dilution adjustment.

### 5.4 **Charges applied to Capital**

Where charges are taken from a Sub-fund's capital, this will increase the amount of income available for distribution; however, this will erode capital and may constrain capital growth.

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

Shareholders are reminded that in certain circumstances their right to redeem Shares (including redemption by way of switching) may be suspended. Please see paragraph 3.11 for full details.

## 5.6 **Liabilities of the Company and the Sub-funds**

As explained in paragraph 2.2.1, under the OEIC Regulations, each Sub-fund is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Sub-fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Sub-funds, the concept of segregated liability is relatively new and has not been tested in many jurisdictions. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. **Therefore, it is not possible to be certain that the assets of a Sub-fund will always be completely insulated from the liabilities of another Sub-fund of the Company in every circumstance.**

## 5.7 **Currency Exchange Rates**

Sub-funds investing in overseas securities are exposed to, and may hold, currencies other than the operational currency of the Sub-fund (GBP). As a result, exchange rate movements may cause the GBP value of investments to decrease or increase.

## 5.8 **Derivatives**

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

To the extent that derivative instruments are utilised for hedging purposes, the risk of loss to a Sub-fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging are insufficiently correlated.

For more information in relation to investment in derivatives please see paragraph 17 and 18 in Appendix III.

## 5.9 **Counterparty Risk in OTC Markets**

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

the above agreements and derivative techniques are terminated due, for instance, to bankruptcy, supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was originated. In such circumstances, Shareholders may be unable to cover any losses incurred.

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

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

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

The value of a fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the level of income (yield) receivable, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

As a general rule, fixed interest securities with an above average yield tend to be less liquid than securities issued by issuers with a higher credit rating. Investment in fixed interest securities with a higher yield also generally brings an increased risk of default on repayment by the issuer which could affect the income and capital of a Sub-fund. Furthermore, the solvency of issuers of such fixed interest securities may not be guaranteed in respect of either the principal amount or the interest payments and the possibility of such issuers becoming insolvent cannot be excluded. The value of a fixed interest security may fall in the event of the default or a downgrading of the credit rating of the issuer.

downgrading of the credit rating of the issuer.

"Investment Grade" holdings are generally considered to be a rating of BBB- (or equivalent) and above by leading credit rating agencies (such as S&P, Moodys or Fitch). "Sub-investment Grade" is generally considered to be a rating below BBB- (or equivalent) by the leading rating agencies.

Holdings that have not been rated by the leading credit rating agencies will adopt the risk rating of the "parent company" as an indicator of their credit risk or an unrated holding will be assessed using fundamental data to analyse the likelihood of the company defaulting. An issuer with a rating of at least BBB- (or equivalent) is generally considered as having adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances may lead to a weakened capacity of the issuer to meet its commitments.

Where a Sub-fund invests in fixed income securities, the portfolio composition may change over time, this means the yield on the fund is not fixed and may go up or down.

#### 5.11 **Liquidity**

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

## 5.12 **Tax**

Tax laws currently in place may change or be applied differently in the future which could affect the value of a Shareholder's investments. See the section headed 'Taxation' for further details about taxation of the Sub-funds. Refer to paragraph 10.

Currently, the Sub-funds rely extensively on tax treaties between the United Kingdom and other countries to reduce domestic rates of withholding tax being applied on income arising where a Sub-fund holds underlying assets in those countries. A risk exists that these treaties may change or that tax authorities may change their position on the application of a relevant tax treaty. As a consequence, any such change (i.e. the imposition of, or increase in, withholding tax in that foreign jurisdiction) may result in higher rates of tax being applied to income from underlying investments and this may have a negative effect on the returns to the Sub-fund and Shareholders.

t in higher rates of tax being applied to income from underlying investments and this may have a negative effect on the returns to the Sub-fund and Shareholders.

In addition, under some treaties the rate of withholding tax applied to a Sub-fund may be affected by the tax profiles of Shareholders in the Sub-fund (or by the tax profiles of Shareholders in other Sub-funds of the Company). This is because such treaties may require a majority of Shareholders in the Sub-fund (or the other Sub-funds of the Company) to be resident in either the UK or another specified jurisdiction as a condition of relief. Failing to satisfy this test may also result in increased withholding tax and therefore a negative effect on the returns to the Sub-fund and Shareholders.

## 5.13 **Inflation and Interest Rates**

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

## 5.14 **Counterparty and Settlement**

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

## 5.15 **Depository Insolvency**

The Sub-funds are subject to a number of risks relating to the insolvency, administration, liquidation or other formal protection from creditors ("**Insolvency**") of the Depository. These risks include without limitation: the loss of all cash held with the Depository which is not being treated as client money or protected by the rules of a regulatory authority ("**client money**"); the loss of all cash which the Depository has failed to treat as client money in accordance with procedures (if any) agreed with the Sub-funds; the loss of any securities or client money held by or with the Depository in connection with a reduction to pay for administrative costs of the Insolvency and/or the process of identifying and transferring the relevant assets and/or client money or for other reasons according to the particular circumstances of the Insolvency; losses of some or all assets due to the incorrect operation of the accounts by the Depository; and losses caused by prolonged delays in receiving transfers of balances and regaining control over the relevant assets. The Sub-funds are subject to similar risks in the event of Insolvency of any sub-custodian with which any relevant securities are held or of any third party bank with which client money is held. There may be

circumstances where the Depositary is relieved from liability for the acts or defaults of its appointed sub-custodians provided that the Depositary has complied with its duties. An Insolvency could cause severe disruption to the trading of a Sub-fund.

ded that the Depositary has complied with its duties. An Insolvency could cause severe disruption to the trading of a Sub-fund.

#### 5.16 **Concentration of Portfolio**

**The TM Tellworth UK Smaller Companies Fund** may be invested in a concentrated portfolio. A portfolio may be considered concentrated due to the number of stocks it holds or due to it being invested in stocks with a particular industry, sector or geographical focus.

Where a portfolio of a Sub-fund is considered concentrated due to the number of stocks it holds, the possibility of the Company being adversely impacted from losses in a single investment is higher than if it were invested in a portfolio with a higher number of stocks.

Where a portfolio of a Sub-fund is concentrated on an industry, sector or geographic region, the possibility of the Sub-fund being susceptible to adverse economic or regulatory occurrences affecting that industry, sector or geographic region is higher than if it were invested in a more diverse portfolio of stocks.

#### 5.17 **Smaller Companies**

Investment in smaller companies can be higher risk than investment in well-established large companies. Where a Sub-fund invests significantly in smaller companies its portfolio can be subject to more volatility due to the limited marketability of the underlying asset.

#### 5.18 **Initial Public Offerings (“IPO”) Risk**

An IPO is when a company initially offers shares in the company to the public. A Sub-fund may invest IPOs of smaller companies. These companies may have little or no trading history, and information about these companies may only have been available for a limited period. The value of companies undertaking IPOs may be more volatile which could result in the value of the Sub-fund being more volatile.

#### 5.19 **Custody Risk**

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

e aggregate entitlement of the Company. It is expected that such risks will be mitigated by the Custodian's trade matching and reconciliation processes,

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

## 5.20 **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 and the value of distributions paid to investors.

## 6. **MANAGEMENT AND ADMINISTRATION**

### 6.1 **Regulatory Status**

The ACD and the Investment Manager are authorised and regulated by the FCA of 12 Endeavour Square, London E20 1JN.

### 6.2 **Authorised Corporate Director**

#### 6.2.1 **General**

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

The directors of the ACD are:

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

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

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

**Registered Office:** Exchange Building, St Johns Street, Chichester, West Sussex PO19 1UP

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**Principal Place of Business:** Exchange Building, St Johns Street, Chichester, West Sussex PO19 1UP

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**Share Capital:** It has a share capital of £5,673,167 issued and paid up

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**Ultimate Holding Company:** Thesis Holdings Limited, a private limited company incorporated in Jersey with number 123560.

### 6.2.2 **Delegated functions**

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

It has therefore delegated to the Investment Manager the function of managing and acting as the investment adviser for the investment and reinvestment of the assets of the Sub-funds (as further explained in paragraph 6.4 below).

elow).

It has also delegated to the Registrar certain functions relating to the Register (as further explained in paragraph 6.6 below) and it has also delegated to Northern Trust Global Services SE (UK Branch) to provide fund accounting services for the Company (as explained in paragraph 6.6).

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

he best interests of the Company.

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



### 6.2.3 **Terms of Appointment**

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

Pursuant to the ACD Agreement, the ACD manages and administers the affairs of the Company in accordance with the Regulations, the Instrument of Incorporation and this Prospectus. The ACD Agreement incorporates detailed provisions relating to the ACD's responsibilities. Copies of the ACD Agreement are available on request. The ACD Agreement may be terminated by either party after the expiry of three years from the date of incorporation of the Company on not less than 6 months written notice or earlier upon the happening of certain specified events. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or any Shareholder for any act or omission except in the case of negligence, wilful default, breach of duty or breach of trust in relation to the Company on its part. The ACD Agreement provides indemnities to the ACD to the extent allowed by the Regulations and other than for matters arising by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

ng by reason of its negligence, wilful default, breach of duty or breach of trust in the performance of its duties and obligations. Subject to certain limited exceptions set out in the Regulations, the ACD may retain the services of any person to assist it in the performance of its functions.

Details of the fees payable to the ACD are set out in paragraph 7.2 "Charges payable to the ACD" below.

The Company has no directors other than the ACD. The ACD is the authorised fund manager of certain authorised unit trusts and open-ended investment companies. Details of these schemes are set out in Appendix V.

## 6.3 **The Depositary**

### 6.3.1 **General**

The Depositary of the Company is Northern Trust Investor Services Limited, a private limited company, incorporated on 29 April 2020 with company number 12578024. Its registered office and principal place of business is at 50 Bank Street, Canary Wharf, London E14 5NT.

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

The Depositary'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 Depositary is responsible for the safekeeping of the Scheme Property of the Company and must ensure that the Company is managed in accordance with the Instrument of Incorporation, and the provisions of the COLL Sourcebook relating to the pricing of, and dealing in, Shares and relating to the income and investment and borrowing powers of the Company. The Depositary is also responsible for monitoring the cash flows of the Company, and must ensure that certain processes carried out by the ACD are performed in accordance with the Regulations, the Instrument of Incorporation and the Prospectus.

### 6.3.2 **Terms of Appointment**

The Depositary was appointed as depositary of the Company under an agreement (as amended and novated from time to time) between the Company, the ACD and the Depositary (the "**Depositary Agreement**").

The Depositary Agreement is terminable on receipt of six months' written notice given by either party. The Depositary may not retire voluntarily except on the appointment of a new depositary.

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

Subject to the Regulations, 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, the Depositary has delegated custody services to The Northern Trust Company, London Branch (the "Custodian"). In turn, the Custodian has sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("Sub-Custodians"). A list of Sub-Custodians is given in Appendix IV.

Investors should note that, except in the event of material changes requiring a prompt update of this Prospectus, the list of Sub-Custodians is updated only at each Prospectus review. An updated list of sub-custodians is maintained by the ACD and is available upon request.

The Depositary is entitled to receive remuneration out of the Scheme Property of the Company as explained under the heading "Depositary's Fee and Expenses" in paragraph 7.4 below.

### 6.3.3 **GDPR**

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

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 Shareholder who provides the ACD 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.

### 6.3.4 **Updated Information**

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 Company, the Shareholders or the ACD, and (iii) the delegation of any safekeeping functions delegated by the Depositary, the description of any conflicts of interest that may arise from such delegation, and the list showing the identity of each delegate and sub-delegate will be made available to Shareholders on request.

### 6.3.5 **Depositary's Liability**

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company, the Sub-funds and their Shareholders.

In the event of a loss of a Financial Instrument held in custody, determined in accordance with the UK UCITS Regulations, and in particular Article 18 of the UCITS Regulation, the Depositary shall return Financial Instruments of identical type or the corresponding amount to the relevant Sub-fund without undue delay.

The Depositary shall not be liable if it can prove that the loss of a Financial Instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UK UCITS Regulations.

In case of a loss of Financial Instruments held in custody, the Shareholders may invoke the liability of the Depositary directly or indirectly through the relevant Sub-fund provided that this does not lead to a duplication of redress or to unequal treatment of the Shareholders.

The Depositary will be liable to the Company for all other losses suffered by the Sub-funds as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the UK UCITS Regulations.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations.

## **6.4 The Investment Manager**

### **6.4.1 General**

The ACD has appointed the Investment Manager, Tellworth Investments LLP to provide investment management services to the ACD. The Investment Manager is authorised and regulated by the FCA (reference number 952383).

The Investment Manager's registered office is set out in Appendix VII.

The principal activity of the Investment Manager is the provision of investment management services.

### **6.4.2 Terms of Appointment**

The terms of the Investment Management Agreement between the ACD and the Investment Manager include the provision of discretionary investment management to attain the investment objectives, discretion to place purchase and sale orders with regulated dealers and on the exercise of voting rights relating to such investments (in accordance with the ACD's voting strategy) and on the marketing of Units (subject to the approval of the ACD). The agreement is terminable by either party after the expiry of eighteen months from the date of incorporation of the Company on not less than three months' written notice given by either party. The Investment Manager Agreement may be terminated immediately by the ACD if it is in interests of Shareholders.

Under the Investment Management Agreement, the ACD provides indemnities to the Investment Manager, (except in the case of any matter arising in connection with its fraud, gross negligence or wilful default). The ACD may be entitled under the indemnities in the ACD Agreement to recover from the Company amounts paid by the ACD under the indemnities in the Investment Management Agreement.

The Investment Manager will receive a fee paid by the ACD out of its remuneration received each month from the Sub-funds as explained in paragraph 7.4 below.

s explained in paragraph 7.4 below.

The Investment Manager will not be considered as a broker fund adviser under the FCA Handbook in relation to the Company.

See paragraph 12.14 regarding the Investment Manager's execution policy

## 6.5 **The Distributor**

The Distributor of the Company is Tellworth Investments LLP whose principal place of business is at Eagle House, 108-110 Jermyn Street, London SW1Y 6EE. The Distributor is FCA authorised to distribute the Shares to eligible counterparty and professional clients.

## 6.6 **The Registrar**

### 6.6.1 **General**

On behalf of the Company the ACD has appointed Northern Trust Global Services SE (UK Branch) to act as registrar and provide administration services to the Company.

The registered office of the Registrar is 50 Bank Street, London EC14 5NT.

The Register is kept and maintained at 50 Bank Street, London EC14 5NT.

### 6.6.2 **Register of Shareholders**

The Register will be kept maintained by the Registrar at the address of its office as noted above, and may be inspected at that address or the principal place of business of the ACD during normal business hours by any Shareholder or any Shareholder's duly authorised agent.

The plan register (being a record of persons who subscribe for Shares through Individual Savings Accounts (ISAs) may be inspected at the office of the Registrar by any Shareholder or any Shareholder's duly authorised agent.

## 6.7 **The Fund Accountant**

The ACD has appointed Northern Trust Global Services SE (UK Branch) to provide fund accounting services to the Company.

The Fund Accountant is a European public limited liability company, registered on 1 March 2019 with registered number B232281. Northern Trust Global Services SE's registered office is 10 rue du Château d'Eau L-3364 Leudelange Luxembourg and the principal place of business is at 50 Bank Street, London E14 5NT, United Kingdom. The 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.

## 6.8 **The Auditors**

The auditors of the Company are Ernst & Young LLP whose address is set out in Appendix VII.

## 6.9 **Conflicts of Interest**

### *ACD*

The ACD, the Investment Manager and other companies within the ACD's and/or the Investment Manager's group may, from time to time, act as investment managers or advisers to other funds or sub-funds which follow similar investment objectives to those of the Sub-funds. It is therefore possible that the ACD and/or the Investment Manager may in the course of their business have potential conflicts of interest with the Company or a particular Sub-fund or that a conflict exists between the Company and other funds managed by the ACD, or that a conflict exists between the Company and other funds managed by the ACD. The ACD and the Investment Manager maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent such conflicts from adversely affecting the interests of the Company.

The ACD and the Investment Manager will take all appropriate steps to identify and prevent or manage such conflicts and each of the ACD and the Investment Manager will have regard in such event to its obligations under the ACD Agreement and the Investment Management Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes it manages are fairly treated.

of interest may arise. Where a conflict of interest cannot be avoided, the ACD and the Investment Manager will ensure that the Company and other collective investment schemes it manages are fairly treated.

The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the Company or its Shareholders will be prevented. Should any such situations arise the ACD will, as a last resort if the conflict(s) cannot be avoided disclose these to Shareholders in the report and accounts or otherwise an appropriate format.

Details of the ACD's conflicts of interest policy are available on the ACD's website at [www.tutman.co.uk](http://www.tutman.co.uk).

### *Depositary*

#### General

The Depositary may act as the depositary of other investment funds and as trustee or custodian of other collective investment schemes.

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

Company or a particular Sub-fund and/or other funds managed by the ACD or other funds for which the Depositary acts as the depositary, trustee or custodian.

There may also be conflicts arising between the Depositary and the Company, the Shareholders or the ACD. In addition, the Depositary also has a regulatory duty when providing the Services to act solely in the interests of Shareholders and the Company (including its Sub-funds). In order to comply with this requirement, the Depositary may in some instances be required to take actions in the interests of Shareholders and the Company (including its Sub-funds) where such action may not be in the interests of the ACD.

ACD.

#### Affiliates

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

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 Company 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 Handbook and its duties to the Depositary and the ACD.

es to the Depositary and the ACD.

#### Conflicting commercial interests

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 Depositary 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 Depositary's duty to the Company.

This includes circumstances in which the Depositary or any of its affiliates or connected persons: acts as market maker in the investments of the Company; provides broking services to the Company 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 Company; acts in the same transaction as agent for more than one client; has a material interest in the issue of the investments of the Company; or earns profits from or has a financial or business interest in any of these activities.

arns profits from or has a financial or business interest in any of these activities.

#### Management of conflicts

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.

## 7. FEES AND EXPENSES

### 7.1 ACD's Fees and Expenses

The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the ACD. The direct establishment costs of each Share Class created after this Prospectus is superseded may be borne by the relevant Class or by the ACD at its discretion.

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

arges and expenses incurred by the Company, which will include the following expenses:

- 7.1.1 the fees and expenses payable to the ACD, to the Investment Manager and to the Depositary;
- 7.1.2 broker's commission, fiscal charges transaction charges and other disbursements which are necessarily incurred in effecting transactions for the Company and normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- 7.1.3 fees and expenses in respect of establishing and maintaining the Register and any sub-register of Shareholders;
- 7.1.4 any costs incurred in or about the listing of Shares in the Company on any Stock Exchange, and the creation, conversion and cancellation of Shares;
- 7.1.5 any costs incurred in producing and dispatching any payments made by the Company, or the yearly and half-yearly reports of the Company, or the Prospectus;
- 7.1.6 any fees, expenses or disbursements of any legal or other professional adviser of the Company, including those incurred on the establishment of the Company;
- 7.1.7 any costs incurred in taking out and maintaining any insurance policy in relation to the Company;
- 7.1.8 any costs incurred in respect of meetings of Shareholders convened for any purpose including those convened on a requisition by Shareholders not including the ACD or an associate of the ACD;
- 7.1.9 liabilities on unitisation, amalgamation or reconstruction including certain liabilities arising after transfer of property to the Company in consideration for the issue of Shares as more fully detailed in the FCA Handbook;

- 7.1.10 interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- 7.1.11 taxation and duties payable in respect of the property of the Company or the issue or redemption of Shares;
- 7.1.12 the audit fees of the Auditors (including VAT) and any expenses of the Auditors;
- 7.1.13 the fees of the FCA, in accordance with the chapter of the FCA Handbook entitled "Fees Manual", together with any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares in the Company are or may be marketed;
- 7.1.14 the Depository's expenses, as detailed below;
- 7.1.15 any expense incurred in relation to company secretarial duties including the cost of maintenance of minute books and other documentation required to be maintained by the Company and any expenses incurred in distributing information regarding the prices of Shares to Shareholders e.g. any costs incurred by the Company in publishing the price of the Shares in a national or other newspaper or any other form of media;
- 7.1.16 any costs incurred as permitted by COLL in preparing, translating, producing (including printing), distributing and modifying the instrument of incorporation, the Prospectus, the Investor Information Document (apart from the costs of distributing the Key Investor Information Document) or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations; and
- 7.1.17 g), distributing and modifying the instrument of incorporation, the Prospectus, the Investor Information Document (apart from the costs of distributing the Key Investor Information Document) or reports, accounts, statements, contract notes and other like documentation or any other relevant document required under the Regulations; and
- 7.1.18 any payments otherwise due by virtue of the FCA Handbook.

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

#### *Allocation of expenses*

Expenses are allocated between capital and income in accordance with the Regulations. However, the approach is set out in Appendix I. Where expenses are deducted in the first instance from income if and only if this is insufficient, deductions will be made from capital. **If deductions are made from capital, this will result in capital erosion and constrain growth.**

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

### 7.2.1 **Annual Management Charge**

In payment for carrying out its duties and responsibilities the ACD is entitled to take an annual fee out of the Company as set out in

Appendix I. The amount due for each month will be calculated by the ACD based upon the sum of the daily fee calculations in that calendar month. The amount due for each month will be calculated by the ACD at the beginning of the next calendar month. The amount due accrues daily and is payable as soon as practicable and in any event no later than the following calendar month. The ACD may increase the rate of such charge by giving 60 days' notice to Shareholders and amending this Prospectus. The rate of periodic charge is set out in Appendix I. The ACD is responsible for the payment of the fees of the Investment Manager.

### 7.2.2 **Fund Accounting Fees**

The ACD is entitled to receive a fee out of the Scheme Property of each Sub-fund for providing fund accounting services, out of which the ACD will pay the fees of the Fund Accountant. The current fees payable to the Fund Accountant are payable monthly and accrued daily in arrears by reference to the Net Asset Value of the Sub-fund on the immediately preceding Dealing Day. The current rate of the Fund Accountant's fee in respect of the Company is:

| <b>Value of the Company:</b> | <b>Fee</b> |
|------------------------------|------------|
| £0-50m                       | 0.06%      |
| £50-100m                     | 0.05%      |
| £100-£200m                   | 0.03%      |
| Thereafter                   | 0.02%      |

of the value of the Scheme Property, subject to a minimum of £25,000 plus VAT (if any) per sub-fund per annum. In addition VAT (if any) on the amount of the fee will be paid out of Scheme Property.

The Fund Accountant also charges a fee of £5,000 plus VAT per sub fund per annum for financial reporting.

### 7.2.3 **Expenses**

The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties as set out above, including stamp duty on transactions in Shares and in effecting regulatory changes to the Company.

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

If a Class's expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Class.

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

## 7.3 **Registration Fees**

The Registrar's registration fees will be paid out of the property of the relevant Fund. The current registration fee is £10 per Shareholder per annum, £6 per Shareholder transaction effected through straight through processing and £19 per Shareholder transaction recorded manually, with a minimum aggregate charge of £2,000 per annum per Fund.

#### 7.4 **Depository's Fee and Expenses**

The Depository is entitled to receive out of each Sub-fund by way of remuneration a periodic charge, which will be calculated and accrue daily and be paid monthly as soon as practicable after the end of each month, and certain additional charges and expenses. The rate of the Depository's periodic charge in respect of the Company will be such rate or rates as agreed from time to time between the ACD and the Depository in accordance with COLL. The current rate of the Depository's periodic charge in respect of the Company is:

the Company is:

| <b>Value of the Company:</b> | <b>Fee</b> |
|------------------------------|------------|
| First £50 million            | 0.03%      |
| Next £50 million             | 0.02%      |
| Next £100 million            | 0.015%     |
| Balance                      | 0.01%      |

of the value of the Scheme Property of the Sub-fund, subject to a minimum of £10,000 plus VAT. In addition VAT on the amount of the periodic charge will be paid out of Scheme Property of the Sub-fund.

In the event of the termination of a Sub-Fund, the Depository shall continue to be entitled to a periodic charge in respect of the Company for the period up to and including the day on which the final distribution in the termination of the Company shall be made or, in the case of a termination following the passing of an extraordinary resolution approving a scheme of arrangement, up to and including the final day on which the Depository is responsible for the safekeeping of the Scheme Property of the Sub-fund. Such periodic charge will be calculated, be subject to the same terms and accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the termination of the Sub-Fund commences, the value of the Scheme Property of the Sub-fund shall be its Net Asset Value determined at the beginning of each such day.

nd. Such periodic charge will be calculated, be subject to the same terms and accrue and be paid as described above, except that for the purpose of calculating the periodic charge in respect of any day falling after the day on which the termination of the Sub-Fund commences, the value of the Scheme Property of the Sub-fund shall be its Net Asset Value determined at the beginning of each such day.

The Depository Agreement between the Company and the Depository provides that in addition to a periodic charge the Depository may also be paid by way of remuneration custody fees where it acts as Custodian and other transaction and bank charges.

he Depositary may also be paid by way of remuneration custody fees where it acts as Custodian and other transaction and bank charges.

The remuneration for acting as custodian is calculated at such rate and/or amount as the ACD, the Depositary and the Custodian may agree from time to time.

The current remuneration ranges from between 0.005% per annum to 0.6% per annum of the value of the Scheme Property, plus VAT (if any) calculated at an ad valorem rate determined by the territory or country in which the assets of the Company are held. The current range of transaction charges is between £5 and £120 per transaction plus VAT (if any). Charges for principal investment markets are:

Charges for principal investment markets are:

|               | Transaction charge per trade | Custody charge % per annum |
|---------------|------------------------------|----------------------------|
| UK            | £5                           | 0.005%                     |
| United States | £10                          | 0.010%                     |
| Japan         | £20                          | 0.015%                     |

Custody and transaction charges will be payable monthly in arrears.

In addition to the remuneration referred to above, the Depositary is entitled to receive reimbursement for expenses properly incurred by it in discharge of its duties or exercising any powers conferred upon it in relation to the Company. Such expenses include, but are not restricted to:

- (i) delivery of stock to the Depositary or custodian;
- (ii) custody of assets;
- (iii) collection and distribution of income and capital;
- (iv) submission of tax returns;
- (v) handling tax claims;
- (vi) preparation of the Depositary's annual report;
- (vi) arranging insurance;
- (vii) calling Shareholder meetings and otherwise communicating with Shareholders;
- (viii) dealing with distribution warrants;
- (ix) taking professional advice;
- (x) conducting legal proceedings;
- (xi) such other duties as the Depositary is permitted or required by law to perform.

VAT (if any) in connection with any of the above is payable in addition.

#### *Allocation of Expenses*

Expenses not directly attributable to a particular Sub-fund will be allocated between Sub-funds. In each case such expenses and disbursements will also be payable if incurred by any person (including the ACD or an associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the COLL Sourcebook by the Depositary. Paragraph 7.7 sets out basis expenses are allocated.

#### 7.5 **Investment Manager's Fee**

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

Any third party research received by the Investment Manager, in connection with the execution of orders or placing of orders with other entities for execution for or on behalf of the Company, will be paid for by the Investment Manager out of the remuneration it receives from the ACD.

Further details of the ACD Agreement are summarised in paragraph 6.4.2 "Terms of Appointment" above.

#### 7.6 **Research Costs**

It is not intended that the ACD receives any third party research on behalf of the Company or a Sub-fund. Any third party research received by the Investment Manager, for or on behalf of, the Company or a Sub-fund will be paid for by the Investment Manager.

#### 7.7 **Allocation of Fees and Expenses between Sub-funds**

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

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

Where income is insufficient to pay charges the residual amount is taken from capital. **If the residual amount is taken from capital this policy may result in capital erosion or constrain capital growth.**

#### 8. **INSTRUMENT OF INCORPORATION**

The Instrument of Incorporation is available for inspection at the ACD's offices.

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

### 9.1 **Class, Company and Sub-fund Meetings**

The Company has dispensed with the holding of annual general meetings.

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

### 9.2 **Requisitions of Meetings**

The ACD may requisition a general meeting at any time.

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

requisition.

### 9.3 **Notice and Quorum**

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

### 9.4 **Voting Rights**

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

On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price of all the Shares in issue at a reasonable date, before the notice of meeting is sent out, such date to be decided by the ACD.

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

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

Except where the COLL Sourcebook or the Instrument of Incorporation require an extraordinary resolution (which needs at least 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution required

by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution.

any resolution required by the COLL Sourcebook will be passed by a simple majority of the votes validly cast for and against the resolution.

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

D or Associate has received voting instructions.

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

s in issue.

“Shareholders” in this context means Shareholders entered on the Register at a time to be determined by the ACD and stated in the notice of the meeting which must not be more than 48 hours before the time fixed for the meeting.

## 9.5 **Variation of Class or Sub-fund Rights**

The rights attached to a Class or Sub-fund may not be varied without the sanction of an extraordinary resolution passed at a meeting of Shareholders of that Class or Sub-fund.

## 10. **TAXATION**

### 10.1 **General**

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

### 10.2 **Taxation of the Sub-funds**

The Company is an umbrella ICVC and each Sub-fund is treated as a separate fund and an Authorised Investment Fund for tax purposes.

Income of the Company is deemed to be distributed for tax purposes, even when it is accumulated. References to distributions include deemed distributions of accumulated income.

Each Sub-fund will make dividend distributions except where over 60% of the Sub-fund's property has been invested at all times throughout the distribution



period in interest paying and related investments, in which case it will make interest distributions. A 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**

Each Sub-fund is liable to corporation tax on most sources of its income after relief for management expenses (which include fees payable to the ACD and to the Depositary) at the basic rate of income tax. The rate of corporation tax applicable to each Sub-fund is equal to the basic rate of income tax.

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

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

#### 10.2.1 **Chargeable gains**

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

#### 10.2.2 **Stamp Duty Reserve Tax**

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

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

### 10.3 **Taxation of the Shareholders**

#### 10.3.1 **Income**

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

The distribution accounts of the Company for any of its distribution periods may show income available for distribution as either (a) an

interest distribution or (b) a dividend distribution. The type of distribution that either actually takes or is deemed to take place depends on the source and composition of the income within the relevant Sub-fund.

that either actually takes or is deemed to take place depends on the source and composition of the income within the relevant Sub-fund.

Where more than 60% of a Sub-fund is invested in "qualifying investments" (broadly speaking interest paying investments, see further below) distributions made will be interest distributions made in respect of the Sub-fund. Where this is not the case, distributions made by the Sub-fund will be dividend distributions.

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

### 10.3.2 **Interest distributions**

#### UK resident individuals

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

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

Basic rate taxpayers are entitled to a personal savings allowance, higher rate taxpayers are entitled to a reduced personal savings allowance and additional rate taxpayers have no personal savings allowance. Basic rate and higher and additional rate taxpayers will pay income tax (in the case of basic rate and higher rate taxpayers, on the amount in excess of the applicable personal savings allowance) on any income distributions at the basic rate, the higher rate or the additional rate (as applicable).

#### UK corporate Shareholders

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

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

derivative contracts or holdings in other collective investment schemes which at any time in the relevant accounting period do not themselves satisfy the "qualifying investments" test, or other interest bearing securities.

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

### 10.3.3 **Dividend distributions**

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

#### UK resident individuals

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

### UK corporate Shareholders

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

#### 10.3.4 **Chargeable gains**

##### UK resident individuals

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

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

##### UK corporate Shareholders

##### UK Corporate Shareholders

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

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

#### 10.4 **Income Equalisation – tax implications**

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

#### 10.5 **UK information reporting regime**

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

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

The ACD may, in the future, seek to elect one or more of the Sub-funds into the TEF regime if it considers that it would be advantageous for the majority of investors in the relevant Sub-fund to do so. If a Sub-fund is elected into the TEF regime, the UK tax treatment of that Sub-fund and its investors would be different to that set out above.

**10.7 International tax compliance** The Company is required to comply with the International Tax Compliance Regulations.

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

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

**Shareholders should note that:**

- **they may be asked to provide additional information (including information regarding their tax residence) to the ACD or the Administrator to enable the Company to satisfy these obligations;**

- the ACD or Administrator may report these details, along with information about a Shareholder's holding, to HMRC; and
- HMRC may subsequently exchange this information with other governments or tax authorities in other jurisdictions.

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

**y penalty from the Shareholder's account.**

## 10.7 Tax Vouchers

A tax voucher will be issued in line with the income distribution dates set out in Appendix I. This voucher should be retained for tax purposes as evidence for HM Revenue & Customs.

The ACD reserves the right to charge an administration fee of £10 if a duplicate copy is required. To obtain a duplicate copy you will need to submit your request in writing, along with payment, to Thesis Unit Trust Management Limited Distributions Team, at the address of the Registrar.

## 11. WINDING UP OF THE COMPANY OR TERMINATION OF A SUB-FUND

11.1 The Company or a Sub-fund will not be wound up or terminated except as an unregistered company under Part V of the Insolvency Act 1986 or under the COLL Sourcebook. A Sub-fund may otherwise only be terminated under the COLL Sourcebook.

11.2 Where the Company is to be wound up or a Sub-fund is to be terminated under the COLL Sourcebook, such winding up may only be commenced following approval by the FCA. The FCA may only give such approval if the ACD provides a statement (following an investigation into the affairs of the Company or the Sub-fund as the case may be) either that the Company or the Sub-fund will be able to meet its liabilities within 12 months of the date of the statement or that the Company or the Sub-fund will be unable to do so. The Company may not be wound up or a Sub-fund terminated under the COLL Sourcebook if there is a vacancy in the position of ACD at the relevant time.

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

11.3.1 if an extraordinary resolution to that effect is passed by Shareholders or;

11.3.2 when the period (if any) fixed for the duration of the Company or a particular Sub-fund by the Instrument of Incorporation expires, or any event occurs on the occurrence of which the Instrument of Incorporation provides that the Company or a particular Sub-fund is to be wound up (for example, if the Share capital of the Company or (in relation to any Sub-fund) the Net Asset Value of the Sub-fund is below

£10 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Sub-fund) or;

11.3.3 it is desirable to terminate the Sub-fund) or;

11.3.4 on the date stated in any agreement by the FCA to a request by the ACD for the revocation of the authorisation order in respect of the Company or for the termination of the relevant Sub-fund or;

11.3.5 on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property; or

11.3.6 in the case of a Sub-fund, on the effective date of a duly approved scheme of arrangement which is to result in the Sub-fund ceasing to hold any Scheme Property; or

11.3.7 on the date when all the Sub-funds fall within 11.3.5 above or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Sub-fund.

11.4 On the occurrence of any of the above:

11.4.1 COLL 6.2 (Dealing), COLL 6.3 (Valuation and Pricing) and COLL 5 (Investment and borrowing powers) will cease to apply to the Company or the relevant Sub-fund;

11.4.2 the Company will cease to issue and cancel Shares in the Company or the relevant Sub-fund and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company or the relevant Sub-fund;

11.4.3 no transfer of a Share shall be registered and no other change to the Register of Shareholders shall be made without the sanction of the ACD;

11.4.4 where the Company is being wound up or a Sub-fund terminated, the Company or the Sub-fund shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company or for the termination of the Sub-fund;

11.4.5 the corporate status and powers of the Company and subject to 11.4 to 11.7 above, the powers of the Depositary shall continue until the Company is dissolved.

11.5 The ACD shall, as soon as practicable after the Company or the Sub-fund falls to be wound up, realise the assets and meet the liabilities of the Company or the Sub-fund and, after paying out or retaining adequate provision for all liabilities properly payable and retaining provision for the costs of winding up or the termination, arrange for the Depositary to make one or more interim distributions out of the proceeds to Shareholders proportionately to their rights to participate in the Scheme Property. If the ACD has not previously notified Shareholders of the proposal to wind up the Company or terminate the Sub-fund, the ACD shall, as soon as practicable after the commencement of winding up of the Company or the termination of the Sub-fund, give written notice of the commencement to Shareholders. When the ACD has caused all of the Scheme Property to be realised

and all of the liabilities of the Company or the particular Sub-fund to be realised, the ACD shall arrange for the Depositary to make a final distribution to Shareholders on or prior to the date on which the final account is sent to Shareholders of any balance remaining in proportion to their holdings in the Company or the particular Sub-fund.

- 11.6 As soon as reasonably practicable after completion of the winding up of the Company or the particular Sub-fund, the Depositary shall notify the FCA that the winding up or termination has been completed.
- 11.7 On completion of a winding up of the Company or the termination of a Sub-fund, the Company will be dissolved or the Sub-fund will be terminated and any money (including unclaimed distributions) still standing to the account of the Company or the Sub-fund, will be paid into court by the ACD within one month of the dissolution or the termination.
- 11.8 Following the completion of a winding up of either the Company or a Sub-fund, the ACD must prepare a final account showing how the winding up took place and how the Scheme Property was distributed. The auditors of the Company shall make a report in respect of the final account stating their opinion as to whether the final account has been properly prepared. This final account and the auditors' report must be sent to the FCA and to each Shareholder (or the first named of joint Shareholders) within four months of the completion of the winding up or termination.

## 12. **GENERAL INFORMATION**

### 12.1 **Accounting periods**

The annual accounting period of the Company ends each year on 30 September (the accounting reference date) with an interim accounting period ending on 31 March.

The ACD may even out the payments of income within an accounting period by carrying forward income otherwise distributable with a view to augmenting amounts to be paid out at a later date. Details of the Sub-funds for which this policy is currently considered are set out in Appendix I.

### 12.2 **Notice to Shareholders**

All notices or other documents sent by the ACD to a Shareholder will be served on a Shareholder if it is:

- i. delivered to the Shareholder's address as appearing in the Register (or the last address notified in writing to the Company by the Shareholder);
- ii. delivered by using an electronic medium in accordance with paragraph 3, sub-paragraph 'electronic communications'.

Any notice or document served by normal 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 shareholder, must be in legible form. For this purpose, any form is legible form



which:

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

### 12.3 **Income Allocations**

Some Sub-funds may have interim and final income allocations and other Sub-funds may have quarterly income allocations and some Sub-funds may only have final income allocation dates (see Appendix I). For each of the Sub-funds, income is allocated in respect of the income available at each income allocation date.

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

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

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

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

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

### 12.4 **Annual Reports**

Annual reports of the Company will be published within four months of the end of each annual accounting period and half-yearly reports will be published within two months of the end of each half-yearly interim accounting period. Accounting dates are set out in Appendix I.

Copies of the most recent annual and half-yearly reports of the Company can be obtained free of charge from the ACD or can be inspected at the ACD's registered office (as set out at 6.2 above).

## 12.5 **Documents of the Company**

The following documents may be inspected free of charge during normal business hours on any Business Day at the offices of the ACD at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP:

12.5.1 The most recent version of the Prospectus;

12.5.2 the most recent annual and half yearly reports of the Company;

12.5.3 the Instrument of Incorporation (and any amending documents); and

12.5.4 the material contracts referred to below.

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

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

## 12.6 **Material Contracts**

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

12.6.1 the ACD Agreement between the Company and the ACD; and

12.6.2 the Depositary Agreement between the Company, the Depositary and the ACD.

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

## 12.7 **Provision of Investment Advice**

All information concerning the Company and about investing in Shares of the Company is available from the ACD.

The ACD is not authorised to give investment advice and persons requiring such advice should consult a professional adviser. All applications for Shares are made solely on the basis of the current prospectus of the Company, and Shareholders should ensure that they have the most up to date version.

## 12.8 Telephone Recordings

Please note that the ACD and the Investment Manager will take all reasonable steps to record telephone conversations, and keep a copy of electronic communications, that relate to instructions to deal in the Company or the management of the assets of the Company. The ACD may also record calls for security, training and monitoring purposes, to confirm Shareholders' instructions and for any other regulatory reason. Recordings will be retained for a period of at least five years from the date of such recording or, where requested by a competent authority, for a period of seven years.

or, where requested by a competent authority, for a period of seven years.

## 12.9 Complaints

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD. If a complaint cannot be resolved satisfactorily with the ACD, it may be referred to the Financial Ombudsman Service, Exchange Tower, London E14 9SR.

A copy of the ACD's Guide to making a complaint is available on request.

Information about the Financial Ombudsman can be found on its website at [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk).

In the event of the ACD being unable to meet its liabilities to Shareholders, details about rights to compensation can be found at [www.fscs.org.uk](http://www.fscs.org.uk).

## 12.10 Risk Management

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

- 12.10.1 the quantitative limits applying in the risk management of the Company;
- 12.10.2 the methods used in relation to 12.10.1; and
- 12.10.3 any recent development of the risk and yields of the main categories of investment.

## 12.11 Indemnity

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

## 12.12 Genuine Diversity of Ownership

Shares in the Sub-funds are and will continue to be widely available. The intended categories of investors are retail investors (who should seek independent financial advice before investing in a Sub-fund) and institutional investors. Different Share Classes of a Sub-fund may be issued to different types of investors.

Shares in the Sub-funds are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Share Class, and in a manner appropriate to attract those categories of investors.

#### **12.13 Strategy for the Exercise of Voting Rights**

The ACD has a strategy for determining when and how voting rights attached to ownership of the Scheme Property are to be exercised for the benefit of each Sub-fund. A summary of this strategy is available from the ACD on request. Voting records and further details of the actions taken on the basis of this strategy in relation to each Sub-fund are available free of charge from the ACD on request.

#### **12.14 Best Execution**

The ACD expects the Investment Manager to act in the best interest of each Sub-fund when executing decisions to deal on behalf of the relevant Sub-fund. The Investment Manager is required to comply with its own order execution policy. A copy of the execution policy is available, on request, from the ACD or may be available from the Investment Manager's website (listed in Appendix VII).

The ACD expects the Investment Manager to maintain an order execution policy in accordance with the Regulations and to ensure that all sufficient steps are taken to obtain the best possible result for the relevant Sub-fund.

#### **12.18 Non-Accountability for profits**

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

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

**APPENDIX I**  
**SUB-FUND DETAILS**

|                                  |  |
|----------------------------------|--|
| <b>Name:</b>                     | TM Tellworth UK Smaller Companies Fund   |
| <b>Launch Date:</b>              | 29 November 2018   |
| <b>Product Reference Number:</b> | 824404   |
| <b>Type of Sub-fund:</b>         | UK UCITS   |
| <b>Investment Objective:</b>     | The Sub-fund aims to provide long term (in excess of 5 years) capital growth, by investing in shares of small-sized UK companies.  |
| <b>Investment Policy:</b>        | <p>The Sub-fund will invest at least 80% of its assets, directly or indirectly in shares of small-sized UK companies. These are companies that are domiciled, incorporated or have a significant portion of their business in the UK and, have a market capitalisation within the bottom 10% of the UK equities market.</p> <p>The Sub-fund may also invest in shares of medium and large-sized UK companies, collective investment schemes (including those managed by the ACD), warrants, unlisted securities and hold cash. <b>The Sub-fund may also use derivatives such as futures, options and swaps for efficient portfolio management.</b></p> <p>The Sub-fund is not constrained by any index or sector weightings and as a result it may be invested in a concentrated number of securities and may have biases towards certain sectors from time to time.</p> |
| <b>Investment Strategy</b>       | The portfolio is constructed using a bottom-up stock selection approach with the individual company's financial position and future prospects being the primary criteria. The Investment Manager in particular will look to identify companies with differentiation products, niche market positions, strong profit margin potential and good management teams. In addition to companies with these characteristics the Investment Manager will also look to invest in other smaller companies which it considers are under-valued.  |
| <b>Comparator Benchmark</b>      | Numis Smaller Companies plus AIM Index excluding Investment Companies  |

**Information Regarding Benchmarks:**

The Sub-fund's performance may be compared against the Numis Smaller Companies plus AIM Index excluding Investment Companies (referred to as 'comparator benchmark'). The comparator benchmark has been selected as we consider it assists in evaluating the Sub-fund's performance against the performance of the principle underlying asset class (UK smaller capitalised companies) the fund invests in. The Sub-fund is not constrained by the benchmarks and may take positions that differ significantly from the benchmarks.

ks.

**Final Accounting Date:**

30 September

**Interim Accounting Date:**

31 March

**Income Allocation Dates:**

31 May (Interim)

30 November (Final)

**Share Classes Available:**

See Share Class Details below

## Allocation charges of

|   |            | Income   | Capital |
|---|------------|----------|---------|
| Annual Charge:                                | Management | 100%**** | 0%      |
| Ongoing Costs:                                | Operating  | 100%**** | 0%      |
| Dealing and Registration:                     | and        | 100%**** | 0%      |
| Depositary:                                   |            | 100%**** | 0%      |
| Custody:                                      |            | 100%**** | 0%      |
| Portfolio Transactions, Broker's Commission): |            | 0%       | 100%*** |

**Past Performance:**

Past performance information, as available, is set out in Appendix VI.

**Valuation Point:** 12.00 noon (London time).

## SHARE CLASS DETAILS

| Fund                                  | TM Tellworth UK Smaller Companies Fund |                                |              |          |                                   |
|---------------------------------------|--|--------------------------------|--------------|----------|-----------------------------------|
| Class                                 | Class F (Founder) <sup>1</sup>         | Class F (Founder) <sup>2</sup> | Class I      | Class I  | Class M (Management) <sub>1</sub> |
| <b>Income or Accumulation</b>         | Accumulation                           | Income                         | Accumulation | Income   | Accumulation                      |
| <b>Currency</b>                       | GBP                                    | GBP                            | GBP          | GBP      | GBP                               |
| <b>Hedged</b>                         | No                                     | No                             | No           | No       | No                                |
| <b>Minimum initial investment*</b>    | £10,000,000                            | £10,000,000                    | £100,000     | £100,000 | £1,000                            |
| <b>Minimum subsequent investment</b>  | £1,000,000                             | £1,000,000                     | £10,000      | £10,000  | £500                              |
| <b>Minimum holding investment*</b>    | £10,000,000                            | £10,000,000                    | £100,000     | £100,000 | £1,000                            |
| <b>Initial Charge</b>                 | 5%                                     | 5%                             | 5%           | 5%       | 5%                                |
| <b>Redemption Charge</b>              | N/A                                    | N/A                            | N/A          | N/A      | N/A                               |
| <b>Annual Management Charge</b>       | 0.85%                                  | 0.85%                          | 1.00%        | 1.00%    | 0.00%                             |
| <b>Charge for Investment Research</b> | N/A                                    | N/A                            | N/A          | N/A      | N/A                               |

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

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

\*\*\* **If expense payments are treated as a capital expense this policy may result in capital erosion or constrain capital growth (see paragraph 7.7).**

<sup>1</sup> Class F and Class M Shares are only available to investors that meet certain criteria, see section 2.2.2 for more details

<sup>2</sup> Class F and Class M Shares are only available to investors that meet certain criteria, see section 2.2.2 for more details



\*\*\*\* (except those charges and expenses relating directly to the purchase and sale of investments)

## **APPENDIX II**

### **ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS**

Eligible Securities Markets:

All regulated markets (as defined in the FCA Glossary) or markets established in the UK or an EEA State which are regulated, operate regularly and are open to the public.

Each Sub-fund may also deal through the securities markets indicated below:

|                      |   |
|----------------------|---|
| Australia            | Australian Securities Exchange                                  |
| Canada               | Toronto Stock Exchange<br>TSX Venture Exchange                  |
| Channel Islands      | The International Stock Exchange                                |
| Hong Kong            | Hong Kong Exchanges and Clearing Limited                        |
| Indonesia            | Indonesia Stock Exchange  |
| India                | Bombay Stock Exchange<br>National Stock Exchange of India Ltd   |
| Israel               | Tel Aviv Stock Exchange   |
| Japan                | Tokyo Stock Exchange<br>Nagoya Stock Exchange<br>Osaka Exchange |
| Korea                | Korea Exchange  |
| Kuwait               | Boursa Kuwait   |
| Mauritius            | The Stock Exchange of Mauritius                                 |
| New Zealand          | NZX Limited   |
| Pakistan             | Pakistan Stock Exchange   |
| Qatar                | Qatar Stock Exchange  |
| Singapore            | Singapore Exchange  |
| South Africa         | JSE Limited   |
| Turkey               | Borsa Istanbul  |
| United Arab Emirates | NASDAQ Dubai<br>Abu Dhabi Securities Exchange                   |

|                          |                            |
|--------------------------|----------------------------|
|                          | Dubai Financial Market     |
| United States of America | OTC Bulletin Board (OTCBB) |
|                          | Chicago Stock Exchange     |
|                          | NYSE Arca Equities         |
|                          | NASDAQ Stock Market        |
|                          | New York Stock Exchange    |
|                          | NYSE American              |
|                          | NASDAQ BX                  |
|                          | NASDAQ PHLX                |

**Eligible Derivatives Markets:**

An Eligible Derivatives Market is any of the following markets:

|                |  |
|----------------|--|
| Australia      | Australian Securities Exchange                     |
| Austria        | Wiener Börse AG                                    |
| Belgium        | Euronext Brussels                                  |
| Bulgaria       | Bulgarian Stock Exchange                           |
| Canada         | Montreal Exchange                                  |
| Czech Republic | Prague Stock Exchange                              |
| Denmark        | NASDAQ Copenhagen A/S                              |
| Finland        | NASDAQ Helsinki Ltd                                |
| France         | Euronext Paris                                     |
| Germany        | Frankfurt Stock Exchange                           |
|                | Eurex Deutschland                                  |
| Greece         | Athens Exchange                                    |
| Hong Kong      | Hong Kong Exchanges and Clearing Limited           |
| Hungary        | Budapest Stock Exchange                            |
| Israel         | Tel Aviv Stock Exchange                            |
| Italy          | Borsa Italiana - Italian Derivatives Market (IDEM) |
| Japan          | Tokyo Stock Exchange                               |
|                | Osaka Exchange                                     |

|                          |                              |
|--------------------------|------------------------------|
|                          | Nagoya Stock Exchange        |
| Korea                    | Korea Exchange               |
| Luxembourg               | Luxembourg Stock Exchange    |
| Netherlands              | Euronext Amsterdam           |
| New Zealand              | NZX Limited                  |
| Norway                   | Oslo Bors                    |
|                          | Merkur Market                |
| Pakistan                 | Pakistan Stock Exchange      |
| Poland                   | Warsaw Stock Exchange        |
| Portugal                 | Euronext Lisbon              |
| Singapore                | Singapore Exchange           |
| South Africa             | JSE Limited                  |
| Spain                    | MEFF                         |
| Sweden                   | NASDAQ Stockholm AB          |
| Switzerland              | SIX Swiss Exchange           |
| United Arab Emirates     | NASDAQ Dubai                 |
| United Kingdom           | ICE Futures Europe           |
|                          | London Stock Exchange        |
|                          | London Metal Exchange        |
| United States of America | NASDAQ Futures               |
|                          | New York Mercantile Exchange |
|                          | Chicago Board of Trade       |
|                          | Cboe Options Exchange        |
|                          | Chicago Mercantile Exchange  |
|                          | ICE Futures US               |
|                          | OTC Bulletin Board (OTCBB)   |
|                          | NYSE Arca Options            |
|                          | NASDAQ PHLX                  |
|                          | NYSE American Options        |

## **APPENDIX III**

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

#### **1. General**

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

The Sub-funds will not maintain an interest in any immovable property or moveable property for the direct pursuit of the ICVC's business.

The Sub-funds will not invest directly in immovable property but may gain exposure indirectly through allowable instruments including index based products.

From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold a substantial proportion of the Scheme Property of the Sub-funds in money-market instruments and/or cash deposits.

#### **1.1 Prudent Spread of Risk**

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

#### **1.2 Treatment of Obligations**

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

1.2.2 Where a rule in COLL 5 permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

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

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

#### **2. UK UCITS - General**

2.1 Subject to the investment objectives and policy of a Sub-fund and the restrictions set out in this Prospectus, the Scheme Property of a sub-fund must, except where otherwise provided in COLL 5, only consist of:

- 2.1.1 transferable securities;
- 2.1.2 approved money-market instruments;
- 2.1.3 permitted units in collective investments schemes;
- 2.1.4 permitted derivatives and forward transactions; and
- 2.1.5 permitted deposits.

### 3. **Transferable Securities**

- 3.1 A transferable security is an investment which is a share, a debenture, and alternative debenture, a government and public security, a warrant, or a certificates representing certain securities (as such terms are defined in the FCA Glossary).
- 3.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.
- 3.3 In applying paragraph 3.2 of this Appendix to an investment which is issued by a body corporate, and which is a share or a debenture (as such terms are defined in the FCA Glossary), the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.
- 3.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.
- 3.5 A Sub-fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:
  - 3.5.1 the potential loss which a Sub-fund may incur with respect to holding the transferable security is limited to the amount paid for it;
  - 3.5.2 its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the FCA Handbook;
  - 3.5.3 reliable valuation is available for it as follows:
    - 3.5.3.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
    - 3.5.3.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

- 3.5.4 appropriate information is available for it as follows:
    - 3.5.4.1 in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
    - 3.5.4.2 in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
  - 3.5.5 it is negotiable; and
  - 3.5.6 its risks are adequately captured by the risk management process of the ACD.
- 3.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt in on an eligible market shall be presumed:
- 3.6.1 not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and
  - 3.6.2 to be negotiable.
4. **Closed End Funds Constituting Transferable Securities**
- 4.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by a Sub-fund, provided it fulfils the criteria for transferable securities set out in paragraph 3.5 and either:
- 4.1.1 where the closed end fund is constituted as an investment company or a unit trust:
    - 4.1.1.1 it is subject to corporate governance mechanisms applied to companies; and
    - 4.1.1.2 where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or
  - 4.1.2 Where the closed end fund is constituted under the law of contract:
    - 4.1.2.1 it is subject to corporate governance mechanisms equivalent to those applied to companies; and
    - 4.1.2.2 it is managed by a person who is subject to national regulation for the purpose of investor protection.

5. **Transferable Securities Linked to Other Assets**

5.1 A Sub-fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by a Sub-fund provided the investment:

5.1.1 fulfils the criteria for transferable securities set out in 3.5 above; and

5.1.2 is backed by or linked to the performance of other assets, which may differ from those in which a Sub-fund can invest.

5.2 Where an investment in paragraph 5.1 contains an embedded derivative component, the requirements of the COLL Sourcebook with respect to derivatives and forwards will apply to that component.

6. **Approved Money-Market Instruments**

6.1 An approved money-market instrument is a money-market instrument which is normally dealt in on the money-market, is liquid and has a value which can be accurately determined at any time.

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

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

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

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

6.2.4 has a risk profile, including credit and interest rate risks, corresponding to that of an instrument which has a maturity as set out in 6.2.1 or 6.2.2 or is subject to yield adjustments as set out in 6.2.3.

6.3 A money-market instrument shall be regarded as liquid if it can be sold at limited cost in an adequately short time frame, taking into account the obligation of the ACD to redeem Shares at the request of any qualifying Shareholder.

6.4 A money-market instrument shall be regarded as having a value which can be accurately determined at any time if accurate and reliable valuations systems, which fulfil the following criteria, are available:

6.4.1 enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the Scheme Property of a Sub-fund could be exchanged between knowledgeable willing parties in an arm's length transaction; and

6.4.2 based either on market data or on valuation models including systems based on amortised costs.

6.5 A money-market instrument that is normally dealt in on the money-market and is admitted to or dealt in on an eligible market shall be



presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

**7. Transferable Securities and Money-Market Instruments Generally to be Admitted or Dealt in on an Eligible Market**

7.1 Transferable securities and approved money-market instruments held within a Sub-fund must be:

7.1.1 admitted to or dealt in on an eligible market within COLL 5.2.10R(1)(a); or

7.1.2 dealt in on an eligible market within COLL 5.2.10R(1)(b); or

7.1.3 admitted to or dealt in on an eligible market within COLL 5.2.10R(2); or

7.1.4 for an approved money-market instrument not admitted to or dealt in on an eligible market, within COLL 5.2.10AR(1) ; or

7.1.5 recently issued transferable securities provided that:

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

7.1.5.2 such admission is secured within a year of issue.

7.2 However, a Sub-fund may invest no more than 10% of its Scheme Property in transferable securities and approved money-market instruments other than those referred to in 7.1.

**8. Eligible Markets Regime: Purpose and Requirements**

8.1 A market is eligible for the purposes of the rules if it is:

8.1.1 a regulated market as defined in the FCA Glossary;

8.1.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public; or

8.1.3 a market within paragraph 8.4 of this Appendix.

8.4 A market not falling within paragraph 8.3.1 and 8.3.2 of this Appendix is eligible for the purposes of COLL 5 if:

8.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;

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

8.4.3 the Depositary has taken reasonable care to determine that:

8.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and

8.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

8.5 In paragraph 8.4.1, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of Shareholders.

8.6 The Eligible Markets for the Sub-funds are set out in Appendix II.

## 9. **Approved Money-Market Instruments With a Regulated Issuer**

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

9.1.1 the issue or the issuer is regulated for the purpose of protecting Shareholders and savings; and

9.1.2 the instrument is issued or guaranteed in accordance with paragraph 10 (Issuers and guarantors of money-market instruments) below.

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

9.2.1 the instrument is an approved money-market instrument;

9.2.2 appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with paragraph 11 (Appropriate information for money-market instruments) below; and

9.2.3 the instrument is freely transferable.

## 10. **Issuers and Guarantors of Money-Market Instruments**

10.1 A Sub-fund may invest in an approved money-market instrument if it is:

10.1.1 issued or guaranteed by any one of the following:

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

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

10.1.1.3 the European Central Bank or a central bank of an EEA State;

10.1.1.4 the Bank of England, the European Union or the European Investment Bank;

- 10.1.1.5 a non-EEA State or, in the case of a federal state, one of the members making up the federation;
- 10.1.1.6 a public international body to which the UK or one or more EEA States belong; or
- 10.1.2 issued by a body, any securities of which are dealt in on an eligible market; or
- 10.1.3 issued or guaranteed by an establishment which is:
  - 10.1.3.1 subject to prudential supervision in accordance with criteria defined by UK or European Union law; or
  - 10.1.3.2 subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by UK or European Union law.
- 10.2 An establishment shall be considered to satisfy the requirement in 10.1.3.2 if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:
  - 10.2.1 it is located in the European Economic Area;
  - 10.2.2 it is located in an OECD country belonging to the Group of Ten;
  - 10.2.3 it has at least investment grade rating;
  - 10.2.4 on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by UK or European Union law.

## 11. **Appropriate Information for Money-Market Instruments**

- 11.1 In the case of an approved money-market instrument within 10.1.2 or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 but is not guaranteed by a central authority within 10.1.1.1, the following information must be available:
  - 11.1.1 information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;
  - 11.1.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 11.1.3 available and reliable statistics on the issue or the issuance programme.
- 11.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 10.1.3, the following information must be available:

- 11.2.1 information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;
  - 11.2.2 updates of that information on a regular basis and whenever a significant event occurs; and
  - 11.2.3 available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.
- 11.3 In the case of an approved money-market instrument:
- 11.3.1 within 10.1.1.1, 10.1.1.4 or 10.1.1.5; or
  - 11.3.2 which is issued by an authority within 10.1.1.2 or a public international body within 10.1.1.6 and is guaranteed by a central authority within 10.1.1.1;

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

## 12. **Spread: General**

- 12.1 This rule on spread does not apply in respect of a transferable security or an approved money-market instrument to which COLL 5.2.12R "Spread: government and public securities") applies.
- 12.2 For the purposes of this requirement companies included in the same group for the purposes of consolidated accounts as defined in accordance with s.399 of the Companies Act 2006, Directive 2013/34/EU or in the same group in accordance with international accounting standards are regarded as a single body.
- 12.3 Not more than 20% in the value of the Scheme Property of a Sub-fund is to consist of deposits with a single body.
- 12.4 Not more than 5% in value of the Scheme Property of a Sub-fund is to consist of transferable securities or approved money-market instruments issued by any single body, except that the limit of 5% is raised to 10% in respect of up to 40% in value of the Scheme Property (covered bonds need not be taken into account for the purposes of applying the limit of 40%). For these purposes certificates representing certain securities are treated as equivalent to the underlying security.
- 12.5 The limit of 5% in 12.4 is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when a Sub-fund invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% in value of the Scheme Property.
- 12.6 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property of a Sub-fund. This limit is raised to 10% where the counterparty is an Approved Bank.

- 12.7 Not more than 20% in value of the Scheme Property of a Sub-fund is to consist of transferable securities and approved money-market instruments issued by the same group.
- 12.8 COLL 5 provides that not more than 20% in value of the Scheme Property of a Sub-fund is to consist of the units of any one collective investment scheme. However, as per 15.1, investment in collective investment schemes is restricted to no more than a 10% aggregate limit in value of the Scheme Property of each Sub-fund.
- 12.9 COLL 5 provides that in applying the limits in relation to a single body, not more than 20% in value of the Scheme Property of a Sub-fund is to consist of any combination of two or more of the following:
- 12.9.1 transferable securities (including covered bonds) or approved money-market instruments issued by that body; or
  - 12.9.2 deposits made with that body; or
  - 12.9.3 exposures from OTC derivatives transactions made with that body.

13. **Counterparty Risk and Issuer Concentration**

- 13.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 12.6 and 12.9 above.
- 13.2 When calculating the exposure of a Sub-fund to a counterparty in accordance with the limits in paragraph 12.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 13.3 An ACD may net the OTC derivative positions of a Sub-fund with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Sub-fund.
- 13.4 The netting agreements in paragraph 13.3 above do not apply to any other exposures the Sub-fund may have with that same counterparty.
- 13.5 The ACD may reduce the exposure of Scheme Property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.
- 13.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 13.8 when it passes collateral to an OTC counterparty on behalf of a Sub-fund.
- 13.7 Collateral passed in accordance with paragraph 13.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Sub-fund.
- 13.8 The ACD must calculate the issuer concentration limits referred to in paragraph 12.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

13.9 In relation to the exposure arising from OTC derivatives transactions as referred to in paragraph 12.9 the ACD must include any exposure to OTC derivative transactions counterparty risk in the calculation.

#### 14. **Spread: Government and Public Securities**

14.1 The following section applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued or guaranteed by:

- (a) The UK or an EEA State;
- (b) a local authority of the UK or an EEA State;
- (c) a non-EEA State; or
- (d) a public international body to which the UK or one or more EEA States belong.

14.2 Where no more than 35% in value of the Scheme Property of a Sub-fund is invested in such securities issued or guaranteed by a single state, local authority or public international body, there is no limit on the amount which may be invested in such securities or in any one issue.

14.3 The Company may invest more than 35% in value of the Scheme Property in such securities issued or guaranteed by a single state, local authority or public international body provided that:

- 14.3.1 the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the Company;
- 14.3.2 no more than 30% in value of the Scheme Property consists of such securities of any one issue;
- 14.3.3 the Scheme Property includes such securities issued by that or another issuer, of at least six different issues;
- 14.3.4 the disclosures in COLL 3.2.6R(8) (Table: contents of the instrument constituting the fund) and COLL 4.2.5R(3)(i) (Table: contents of the prospectus) have been made.

14.4 **No more than 35% in value of the Scheme property is or may be invested in transferable securities or approved money-market instruments issued or guaranteed by a single state, local authority or public international body.**

#### 15. **Investment in Collective Investment Schemes**

15.1 Up to 10% of the value of the Scheme Property of a Sub-fund may be invested in units or shares in other collective investment schemes ("Second Scheme") provided the Second Scheme satisfies all of the following conditions within 15.1.1 and 15.1.2:

15.1.1 The Second Scheme must:

- 15.1.1.1 be a UCITS or a scheme which satisfies the conditions necessary for it to enjoy the rights

- conferred by the UCITS Directive as implemented in the EEA; or
- 15.1.1.2 be a recognised scheme that is authorised by the supervisory authorities of Guernsey, Jersey or the Isle of Man (provided the requirements of COLL 5.2.13AR are met); or
  - 15.1.1.3 be authorised as a non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR(1)(a), (3) and (4) are met); or
  - 15.1.1.4 be authorised in an EEA State provided the requirements of COLL 5.2.13AR are met; or
  - 15.1.1.5 be authorised by the competent authority of an OECD member country (other than another EEA State) which has:
    - (a) signed the IOSCO Multilateral Memorandum of Understanding; and
    - (b) approved the Second Scheme's management company, rules and depositary/custody arrangements;
 (provided the requirements of COLL 5.2.13AR are met).
- 15.1.2 The Second Scheme has terms which prohibit more than 10% in value of the Scheme Property consisting of units in collective investment schemes. Where the Second Scheme is an umbrella, the provisions in this paragraph 15.1.2, paragraph 15.1.3 and paragraph 12 (Spread: general) apply to each sub fund as if it were a separate scheme.
- 15.1.3 Investment may only be made in other collective investment schemes managed by the ACD or an Associate of the ACD subject to the rules in the FCA Handbook.
- 15.2 The Scheme Property attributable to a Sub-fund may include Shares in another Sub-fund of the Company (the "Second Sub-fund") subject to the requirements of paragraph 15.3 below.
- 15.3 A Sub-fund may invest in or dispose of Shares of a Second Sub-fund provided that:
- 15.3.1 the Second Sub-fund does not hold Shares in any other Sub-fund of the Company;
  - 15.3.2 the requirements set out at paragraphs 12.8 and 15.6 below are complied with.
- 15.4 The Sub-funds may, subject to the limit set out in 15.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of a Sub-fund or one of its Associates.

- 15.5 If a substantial proportion of a Sub-fund's assets are invested in other collective investment schemes, the maximum level of management fees that may be charged to a Sub-fund will be 1.5%.
- 15.6 Investment may only be made in a Second Sub-fund or other collective investment schemes managed by the ACD or an associate of the ACD if the Sub-fund's Prospectus clearly states that it may enter into such investments and the rules on double charging contained in COLL 5 are complied with.
- 15.7 Where a Sub-fund of the Company invests in or disposes of Shares in a Second Sub-fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to that Sub-fund by the close of business on the fourth Business Day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

16. **Investment in Nil and Partly Paid Securities**

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

17. **Derivatives: General**

**The Investment Manager may employ derivatives solely for the purposes of Efficient Portfolio Management ("EPM") (including hedging) and/or meeting the investment objective of the Company with the aim of reducing its risk profile, or reducing costs, or generating additional capital or income, in accordance with Efficient Portfolio Management ("EPM").**

**The Investment Manager will use derivatives in accordance with the Risk Management Policy (RMP) – The RMP is available on request from the Authorised Corporate Director.**

**The commitment approach measures the exposure generated by a derivative position, as the market value of assets which have the equivalent economic risks and rewards of the derivative position.**

**The sum of the absolute value of all these equivalent positions, after allowing for netting and hedging, is then the leverage generated by the Sub-fund's derivatives' positions. This leverage level must comply with the RMP.**

**However, it is the Investment Manager's intention that the Sub-fund, owing to its portfolio composition, or the portfolio management techniques used, will not have volatility over and above the general market volatility of the markets of their underlying investments.**



- 17.1 A transaction in derivatives or a forward transaction must not be effected for a Sub-fund unless:
- 17.1.1 the transaction is of a kind specified in paragraph 19 below (Permitted transactions (derivatives and forwards)); and
  - 17.1.2 the transaction is covered, as required by paragraph 31 (Cover for investment in derivatives and forward transactions) of this Appendix.
- 17.2 Where a Sub-fund invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in COLL 5 in relation to spread COLL 5.2.11R (Spread: general), COLL 5.2.12R Spread: (government and public securities) except for index based derivatives where the rules below apply.
- 17.3 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.
- 17.4 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:
- 17.4.1 by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, Financial Instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;
  - 17.4.2 its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and
  - 17.4.3 it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.
- 17.5 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.
- 17.6 Where a Sub-fund invests in an index based derivative, provided the relevant index falls within paragraph 20. (Financial Indices underlying derivatives), the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.2.11R and COLL 5.2.12R, provided the ACD takes account of the requirements in COLL 5.2.3 for a prudent spread of risk.
18. **Efficient Portfolio Management**
- 18.1 The Investment Manager may use Scheme Property to enter into transactions for the purposes of EPM. Permitted EPM transactions include transactions in derivatives dealt or traded on an eligible derivatives market or over-the-counter. Where permitted, EPM techniques may also

involve a Sub-fund entering into stock lending transactions or reverse repurchase agreements. The ACD must ensure in entering into EPM transactions that the transaction is economically appropriate to (i) the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or (ii) the reduction of the relevant costs and/or (iii) the generation of additional capital or income for the scheme with a risk level which is consistent with the risk profile of the scheme and the risk diversification rules laid down in COLL 5.

- 18.2 There is no guarantee that a Sub-fund will achieve the objective for which any EPM transaction was undertaken. To the extent that derivative instruments are utilised for hedging purposes (reduction of the risk profile of the Sub-fund), the risk of loss to the Sub-fund may be increased where the value of the derivative instrument and the value of the security or position which it is hedging prove to be insufficiently correlated. EPM transactions (save to the extent that derivatives are traded on exchange) may involve a risk that a counterparty will wholly or partially fail to honour its contractual obligations.
- 18.3 In order to mitigate that risk of counterparty default, the counterparties to these transactions may be required to provide collateral to suitably cover their obligations to the Sub-fund. In the event of default by the counterparty, it will forfeit its collateral on the transaction. However, there is a risk that the collateral, especially where it is in the form of securities, when realised will not raise sufficient cash to settle the counterparty's liability to the Sub-fund. Securities lending transactions may, in the event of a default by the counterparty, result in the securities lent being recovered late or only in part. This may result in loss for the Sub-fund.
- 18.4 To assist in managing these types of risks, the ACD has a collateral management policy which sets criteria around the types of eligible collateral a Sub-fund may accept. A copy of this is available from the ACD on request.
- 18.5 Investors should note that EPM transactions may be effected in relation to a Sub-fund in circumstances where the ACD or Investment Manager has, either directly or indirectly, an interest which may potentially involve a conflict of their obligations to a Sub-fund. Where a conflict cannot be avoided, the ACD and Investment Manager will have regard to their responsibility to act in the best interests of the Sub-fund and its Shareholders. The ACD and Investment Manager will ensure that the Sub-fund and its Shareholders are treated fairly and that such transactions are effected on terms which are not less favourable to the Sub-fund than if the potential conflict had not existed. For further information in relation to conflicts of interest, please see the 'conflicts of interest' section of this Prospectus.
- 18.6 All revenues arising from EPM transactions (including stock lending and repurchase and reverse repurchase arrangements, if any) will be returned to the Sub-fund, net of direct and indirect operational costs and fees.

## 19. **Permitted Transactions (Derivatives and Forwards)**

- 19.1 A transaction in a derivative must:

- 19.1.1 be in an approved derivative; or
  - 19.1.2 be an OTC derivative which complies with section 23 (OTC transactions in derivatives).
- 19.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which a Sub-fund is dedicated:
- 19.2.1 transferable securities;
  - 19.2.2 approved money-market instruments permitted under paragraphs 7.1.1. to 7.1.4;
  - 19.2.3 deposits;
  - 19.2.4 permitted derivatives under this paragraph;
  - 19.2.5 collective investment scheme units permitted under section 15 (Investment in collective investment schemes);
  - 19.2.6 financial indices which satisfy the criteria set out in section 20 (Financial indices underlying derivatives);
  - 19.2.7 interest rates;
  - 19.2.8 foreign exchange rates; and
  - 19.2.9 currencies.
- 19.3 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.
- 19.4 A transaction in a derivative must not cause a Sub-fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.
- 19.5 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of one or more, transferable securities, approved money-market instruments, shares in collective investment schemes, or derivatives.
- 19.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.
- 19.7 A derivative includes an investment which fulfils the following criteria:
- 19.7.1 it allows transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
  - 19.7.2 it does not result in the delivery or the transfer of assets other than those referred to in COLL 5.2.6AR, including cash;
  - 19.7.3 in the case of an OTC Derivative, it complies with the requirements in COLL 5.2.23 R (OTC transactions in derivatives); and

- 19.7.4 its risks are adequately captured by the risk management process of the ACD and by its internal control mechanisms in the case of risk asymmetry of information between the ACD and the counterparty to the derivative resulting from the potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.
- 19.8 A Sub-fund may not undertake transactions in derivatives on commodities.
- 20. **Financial Indices Underlying Derivatives**
- 20.1 The financial indices referred to in paragraph 19.2.6 are those which satisfy the following criteria:
  - 20.1.1 the index is sufficiently diversified;
  - 20.1.2 the index represents an adequate benchmark for the market to which it refers; and
  - 20.1.3 the index is published in an appropriate manner.
- 20.2 A financial index is sufficiently diversified if:
  - 20.2.1 it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
  - 20.2.2 where it is composed of assets in which a Sub-fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and
  - 20.2.3 where it is composed of assets in which a Sub-fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.
- 20.3 A financial index represents an adequate benchmark for the market to which it refers if:
  - 20.3.1 it measures the performance of a representative group of underlyings in a relevant and appropriate way;
  - 20.3.2 it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and
  - 20.3.3 the underlyings are sufficiently liquid, allowing users to replicate it if necessary.
- 20.4 A financial index is published in an appropriate manner if:
  - 20.4.1 its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value,

including pricing procedures for components where a market price is not available; and

- 20.4.2 material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.
- 20.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 19.2 be regarded as a combination of those underlyings.

21. **Transactions for the Purchase of Property**

A derivative or forward transaction which would or could lead to the delivery of property to the Depositary may be entered into only if such property can be held for the account of a Sub-fund, and the ACD having taken reasonable care determines that delivery of the property pursuant to the transaction or will not lead to a breach of the rules in COLL 5.

22. **Requirement to Cover Sales**

- 22.1 No agreement by or on behalf of a Sub-fund to dispose of property or rights may be made unless:
  - 22.1.1 the obligation to make the disposal and any other similar obligation could immediately be honoured by a Sub-fund by delivery of property or the assignment of rights; and
  - 22.1.2 the property and rights above are owned by a Sub-fund at the time of the agreement.

23. **OTC Transactions in Derivatives**

- 23.1 Any transaction in an OTC derivative under COLL 5.2.20R(1) must be:
  - 23.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:
    - 23.1.1.1 an Eligible Institution or an Approved Bank; or
    - 23.1.1.2 a person whose permission (including any requirements or limitations), as published in the Financial Services Register, permits it to enter into the transaction as principal off-exchange;
      - 23.1.1.1 a CCP that is authorised in that capacity for the purposes of EMIR
      - 23.1.1.2 a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or
      - 23.1.1.3 to the extent not already covered above, a CCP supervised in a jurisdiction that:

- (a) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the UK; and
  - (b) 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.
- 23.1.2 on approved terms; the terms of the transaction in derivatives are approved only if the ACD:
  - 23.1.2.1 carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty; and
  - 23.1.2.2 can enter into one or more further transaction to sell, liquidate or close out that transaction at any time, at a fair value;
- 23.1.3 capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:
  - 23.1.3.1 on the basis of an up-to-date market value the ACD and the Depositary have agreed is reliable; or
  - 23.1.3.2 if the value referred to in 23.1.4.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and
- 23.1.4 subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into) verification of the valuation is carried out by:
  - 23.1.4.1 an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or
  - 23.1.4.2 a department within the ACD which is independent from the department in charge of managing a Sub-fund and which is adequately equipped for such a purpose.
- 23.1.5 For the purposes of paragraph 23.1.3, "fair value" is the amount for which an asset could be exchanged, or a liability

settled, between knowledgeable, willing parties in an arm's length transaction.

The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraph 19.1.

**24. Valuation of OTC Derivatives**

24.1 For the purposes of paragraph 23.1.3 the ACD must:

24.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of a Sub-fund to OTC derivatives; and

24.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.

24.2 Where the arrangements and procedures referred to in paragraph 24.1 above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of Managers of UK UCITS schemes).

24.3 The arrangements and procedures referred to in 24.1 must be:

24.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and

24.3.2 adequately documented.

**25. Risk Management**

25.1 The ACD uses a risk management process (including a risk management policy) in accordance with COLL 6.12, as reviewed by the Depositary and filed with the FCA, enabling it to monitor and measure at any time the risk of a Fund's positions and their contribution to the overall risk profile of the Fund. The following details of the risk management process must be regularly notified to the FCA and at least on an annual basis:

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

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

25.2 The ACD must assess, monitor and periodically review:

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

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

- 25.2.3 the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process.
- 25.3 The ACD must notify the FCA in advance of any material changes to the risk management process.
- 26. **Investments in Deposits**  
  
**A Sub-fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.**
- 27. **Significant Influence**
  - 27.1 The Company must not acquire transferable securities issued by a body corporate and carrying rights to vote (whether or not on substantially all matters) at a general meeting of that body corporate if:
    - 27.1.1 immediately before the acquisition, the aggregate of any such securities held by the Company gives the Company power significantly to influence the conduct of business of that body corporate; or
    - 27.1.2 the acquisition gives the Company that power.
  - 27.2 For the purposes of paragraph 27.1, the Company is to be taken to have power significantly to influence the conduct of business of a body corporate if it can, because of the transferable securities held by it, exercise or control the exercise of 20% or more of the voting rights in that body corporate (disregarding for this purpose any temporary suspension of voting rights in respect of the transferable securities of that body corporate).
- 28. **Concentration**  
A Sub-fund:
  - 28.1 must not acquire transferable securities other than debt securities which:
    - 28.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and
    - 28.1.2 represent more than 10% of these securities issued by that body corporate;
  - 28.2 must not acquire more than 10% of the debt securities issued by any single issuing body;
  - 28.3 must not acquire more than 25% of the units in a collective investment scheme;
  - 28.4 must not acquire more than 10% of the approved money-market instruments issued by any single body; and



28.5 need not comply with the limits in paragraphs 28.2, 28.3 and 28.4 of this Appendix if, at the time of the acquisition, the net amount in issue of the relevant investment cannot be calculated.

## 29. **Derivative Exposure**

29.1 The Sub-funds may invest in derivatives and forward transactions as long as the exposure to which a Sub-fund is committed by that transaction itself is suitably covered from within its Scheme Property. Exposure will include any initial outlay in respect of that transaction.

29.2 Cover ensures that a Sub-fund is not exposed to the risk of loss of property, including money, to an extent greater than the net value of the Scheme Property. Therefore, a Sub-fund must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which that Sub-fund is committed. Paragraph 31 (Cover for investment in derivatives and forward transactions) below sets out detailed requirements for cover of that Sub-fund.

29.3 A future is to be regarded as an obligation to which a Sub-fund is committed (in that, unless closed out, the future will require something to be delivered, or accepted and paid for); a written option as an obligation to which a Sub-fund is committed (in that it gives the right of potential exercise to another thereby creating exposure); and a bought option as a right (in that the purchaser can, but need not, exercise the right to require the writer to deliver and accept and pay for something).

29.4 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

## 30. **Schemes Replicating an Index**

30.1 **Notwithstanding paragraph 12 (Spread: general), a Sub-fund may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined below.**

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

30.3 The 20% limit can be raised for a particular Sub-fund up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.

30.4 In the case of a Sub-fund replicating an index the Scheme Property need not consist of the exact composition and weighting of the underlying in the relevant index in cases where deviation from this is expedient for reasons of poor liquidity or excessive cost to the scheme in trading in an underlying investment.

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

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

31. **Cover for Investment in Derivatives and Forward Transactions**

- 31.1 The ACD must ensure that each Sub-Fund's global exposure relating to derivatives and forwards transactions held for the Sub-Fund may not exceed the net value of the Scheme Property.
- 31.2 The ACD must calculate each Sub-Fund's global exposure on at least a daily basis, in accordance with the methods described in COLL 5.3.7R to COLL 5.3.10R. For the purposes of this paragraph, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

32. **Borrowing**

- 32.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is not available for cover under paragraph 31 of this Appendix as long as the normal limits on borrowing (see below) are observed.
- 32.2 Where, for the purposes of this paragraph a Sub-fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or their agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 37 (General power to borrow) of this Appendix do not apply to that borrowing.

33. **Calculation of Global Exposure**

- 33.1 The ACD must calculate the global exposure of a Sub-fund on at least a daily basis.

- 33.2 The ACD must calculate the global exposure of any Sub-fund it manages either as:
- 33.2.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in paragraph 17 (Derivatives: general), which may not exceed 100% of the net value of the Scheme Property; or
  - 33.2.2 the market risk of the Scheme Property.
- 33.3 For the purposes of this section exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.
- 33.4 The ACD must calculate the global exposure of a Sub-fund by using:
- 33.4.1 commitment approach; or
  - 33.4.2 the value at risk approach.
- 33.5 The ACD must ensure that the method selected above is appropriate, taking into account:
- 33.5.1 the investment strategy pursued by the Sub-fund;
  - 33.5.2 types and complexities of the derivatives and forward transactions used; and
  - 33.5.3 the proportion of the Scheme Property comprising derivatives and forward transactions.
- 33.6 Where a Sub-fund employs techniques and instruments including repo contracts or stock lending transactions in accordance with paragraph 42 (Stock lending) in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.
34. **Cash and Near Cash**
- 34.1 Cash and near cash must not be retained in the Scheme Property except to the extent that, where this may reasonably be regarded as necessary in order to enable:
- 34.1.1 the pursuit of a Sub-funds investment objectives; or
  - 34.1.2 the redemption of Shares; or
  - 34.1.3 efficient management of a Sub-fund in accordance with its investment objectives; or
  - 34.1.4 other purposes which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- 34.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

35. **General**

- 35.1 It is envisaged that a Sub-fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of Shares, efficient management of a Sub-fund or any one purpose which may reasonably be regarded as ancillary to the investment objectives of a Sub-fund.
- 35.2 Where a Sub-fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an Associate of the ACD, the ACD must pay to a Sub-fund by the close of business on the fourth Business Day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 35.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Sub-fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.
- 35.4 COLL 5 permits the ACD to use certain techniques when investing in derivatives in order to manage a Sub-fund's exposure to particular counterparties and in relation to the use of collateral to reduce overall exposure with respect to over-the-counter ("OTC") derivatives; for example a Sub-fund may take collateral from counterparties with whom they have an OTC derivative position and use that collateral to net off against the exposure they have to the counterparty under that OTC derivative position, for the purposes of complying with counterparty spread limits. COLL 5 also permits a Sub-fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in a Sub-fund) under certain conditions.
- 35.5 s of complying with counterparty spread limits. COLL 5 also permits a Sub-fund to use derivatives to effectively short sell (agree to deliver the relevant asset without holding it in a Sub-fund) under certain conditions.

36. **Underwriting**

Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in COLL 5, be entered into for the account of a Sub-fund.

37. **General Power to Borrow**

- 37.1 A Sub-fund may, (on the instructions of the ACD) and subject to COLL 5, borrow money from an Eligible Institution or an Approved Bank for the use of the Sub-fund on terms that the borrowing is to be repayable out of the Scheme Property.
- 37.2 Borrowing must be on a temporary basis, must not be persistent, and in any event must not exceed three months without the prior consent of the Depositary, which may be given only on such conditions as appear appropriate to the Depositary to ensure that the borrowing does not cease to be on a temporary basis.

- 37.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of a Sub-fund.
- 37.4 These borrowing restrictions do not apply to "back to back" borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).
38. **Restrictions on Lending of Money**
- 38.1 None of the money in the Scheme Property of a Sub-fund may be lent and, for the purposes of this prohibition, money is lent by a Sub-fund if it is paid to a person ("the payee") on the basis that it should be repaid, whether or not by the payee.
- 38.2 Acquiring a debenture is not lending for the purposes of paragraph 38.1 nor is the placing of money on deposit or in a current account.
- 38.3 Nothing in paragraph 38.1 prevents the Company from providing an officer of the Company with funds to meet expenditure to be incurred by them for the purposes of the Company (or for the purposes of enabling them properly to perform their duties as an officer of the Company) or from doing anything to enable an officer to avoid incurring such expenditure.
39. **Restrictions on Lending of Property Other Than Money**
- 39.1 Scheme Property other than money must not be lent by way of deposit or otherwise.
- 39.2 Transactions permitted by paragraph 42 (Stock lending) are not to be regarded as lending for the purposes of paragraph 39.1.
- 39.3 The Scheme Property of the Sub-funds must not be mortgaged.
- 39.4 Where transactions in derivatives or forward transactions are used for the account of a Sub-fund in accordance with COLL 5, nothing in this paragraph prevents the Sub-fund or the Depositary at the request of the Sub-fund: from lending, depositing, pledging or charging its Scheme Property for margin requirements; or transferring Scheme Property under the terms of an agreement in relation to margin requirements, provided that the ACD reasonably considers that both the agreement and the margin arrangements made under it (including in relation to the level of margin) provide appropriate protection to Shareholders.
40. **General Power to Accept or Underwrite Placings**
- 40.1 Any power in COLL 5 to invest in transferable securities may be used for the purpose of entering into transactions to which this section applies, subject to compliance with any restriction in the Instrument of Incorporation.
- 40.2 This section applies, to any agreement or understanding which:
- 40.2.1 is an underwriting or sub-underwriting agreement; or
- 40.2.2 contemplates that securities will or may be issued or subscribed for or acquired for the account of a Sub-fund.

- 40.3 This ability does not apply to:
- 40.3.1 an option; or
  - 40.3.2 a purchase of a transferable security which confers a right to subscribe for or acquire a transferable security, or to convert one transferable security into another.
- 40.4 The exposure of a Sub-fund to agreements and understandings as set out above, on any Business Day:
- 40.4.1 be covered in accordance with the requirements of rule 5.3.3R of the COLL Sourcebook; and
  - 40.4.2 be such that, if all possible obligations arising under them had immediately to be met in full, there would be no breach of any limit in COLL 5.

41. **Guarantees and Indemnities**

- 41.1 The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.
- 41.2 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.
- 41.3 Paragraphs 41.1 and 41.2 do not apply to in respect of the Company:
- 41.3.1 any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5; and
  - 41.3.2 an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
  - 41.3.3 an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; and
  - 41.3.4 an indemnity given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.
  - 41.3.5 heme becomes the first property of the Company and the holders of units in that scheme become the first Shareholders in the Company.

42. **Stock Lending**

- 42.1 The entry into stock lending transactions or repo contracts for the account of a Sub-fund is permitted for the generation of additional income for the benefit of a Sub-fund, and hence for its investors.
- 42.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover them against the risk that the future transfer back of the securities may not be satisfactorily completed.
- 42.3 The stock lending permitted by this section may be exercised by a Sub-fund when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for the Sub-fund with an acceptable degree of risk.
- 42.4 A Sub-fund or the Depositary at the request of a Sub-fund may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty is an authorised person or a person authorised by a home state regulator, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.
- 42.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.
- 42.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under COLL 5, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Sub-fund.
- 42.7 None of the Sub-funds currently enter into stock lending transactions or repo contracts.

## APPENDIX IV

### LIST OF SUB-CUSTODIANS & SUB-CUSTODIAN DELEGATES

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

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



|                       |   |                                   |
|-----------------------|---|-----------------------------------|
| <b>CD's - USD</b>     | Deutsche Bank AG, London Branch                       | Not applicable                    |
| <b>CD's - USD</b>     | The Northern Trust Company, Canada                    | Not applicable                    |
| <b>Canada</b>         | Royal Bank of Canada                                  | Not applicable                    |
| <b>Chile</b>          | Citibank N.A.   | Banco de Chile                    |
| <b>China A Share</b>  | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (China) Company Limited |
| <b>China B Share</b>  | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (China) Company Limited |
| <b>Colombia</b>       | Cititrust Columbia S.A. Sociedad Fiduciaria           | Not applicable                    |
| <b>Costa Rica</b>     | Banco Nacional de Costa Rica                          | Not applicable                    |
| <b>Croatia</b>        | UniCredit Bank Austria AG                             | Zagrebacka Banka d.d.             |
| <b>Cyprus</b>         | Citibank Europe PLC                                   | Not applicable                    |
| <b>Czech Republic</b> | UniCredit Bank Czech Republic and Slovenia, a.s.      | Not applicable                    |
| <b>Denmark</b>        | Skandinaviska Enskilda Banken AB (publ)               | Not applicable                    |
| <b>Egypt</b>          | Citibank N.A., Cairo Branch                           | Not applicable                    |
| <b>Estonia</b>        | Swedbank AS   | Not applicable                    |
| <b>Finland</b>        | Skandinaviska Enskilda Banken AB (publ)               | Not applicable                    |

|   |   |                |
|---|---|----------------|
| <b>France</b>                             | The Northern Trust Company                            | Not applicable |
| <b>Germany</b>                            | The Northern Trust Company                            | Not applicable |
| <b>Ghana</b>                              | Standard Chartered Bank Ghana Limited                 | Not applicable |
| <b>Greece</b>                             | Citibank Europe PLC                                   | Not applicable |
| <b>Hong Kong</b>                          | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| <b>Hong Kong (Stock and Bond Connect)</b> | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| <b>Hungary</b>                            | Citibank Europe plc                                   | Not applicable |
| <b>Iceland</b>                            | Landsbankinn hf                                       | Not applicable |
| <b>India</b>                              | Citibank N.A.   | Not applicable |
| <b>India</b>                              | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |
| <b>Indonesia</b>                          | Standard Chartered Bank                               | Not applicable |
| <b>Ireland</b>                            | The Northern Trust Company, London                    | Not applicable |
| <b>Israel</b>                             | Citibank, N.A., Israel Branch                         | Not applicable |
| <b>Italy</b>                              | Citibank Europe plc                                   | Not applicable |
| <b>Japan</b>                              | The Hongkong and Shanghai Banking Corporation Limited | Not applicable |

|                    |   |                               |
|--------------------|---|-------------------------------|
| <b>Jordan</b>      | Bank of Jordan Plc  | Not applicable                |
| <b>Kazakhstan</b>  | Citibank Kazakhstan JSC   | Not applicable                |
| <b>Kenya</b>       | Standard Chartered Bank Kenya Limited                                 | Not applicable                |
| <b>Kuwait</b>      | The Hongkong and Shanghai Banking Corporation Limited                 | HSBC Bank Middle East Limited |
| <b>Latvia</b>      | Swedbank AS   | Not applicable                |
| <b>Lithuania</b>   | AB SEB bankas   | Not applicable                |
| <b>Luxembourg</b>  | Euroclear Bank S.A./N.V.  | Not applicable                |
| <b>Malaysia</b>    | The Hongkong and Shanghai Banking Corporation Limited                 | HSBC Bank Malaysia Berhad     |
| <b>Mauritius</b>   | The Hongkong and Shanghai Banking Corporation Limited                 | Not applicable                |
| <b>Mexico</b>      | Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex | Not applicable                |
| <b>Morocco</b>     | Société Générale Marocaine de Banques                                 | Not applicable                |
| <b>Namibia</b>     | Standard Bank Namibia Ltd   | Not applicable                |
| <b>Netherlands</b> | The Northern Trust Company  | Not applicable                |
| <b>New Zealand</b> | The Hongkong and Shanghai Banking Corporation Limited                 | Not applicable                |
| <b>Nigeria</b>     | Stanbic IBTC Bank Plc   | Not applicable                |

|                     |   |                               |
|---------------------|---|-------------------------------|
| <b>Norway</b>       | Skandinaviska Enskilda Banken AB (publ)               | Not applicable                |
| <b>Oman</b>         | First Abu Dhabi PJSC, Oman Branch                     |                               |
| <b>Pakistan</b>     | Citibank N.A., Karachi Branch                         | Not applicable                |
| <b>Panama</b>       | Citibank N.A., Panama Branch                          | Not applicable                |
| <b>Peru</b>         | Citibank del Peru S.A.                                | Not applicable                |
| <b>Philippines</b>  | The Hongkong and Shanghai Banking Corporation Limited | Not applicable                |
| <b>Poland</b>       | Bank Handlowy w Warszawie S.A.                        | Not applicable                |
| <b>Portugal</b>     | BNP Paribas SA  | Not applicable                |
| <b>Qatar</b>        | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank Middle East Limited |
| <b>Romania</b>      | Citibank Europe PLC                                   | Not applicable                |
| <b>Russia</b>       | AO Citibank   | Not applicable                |
| <b>Saudi Arabia</b> | The Northern Trust Company of Saudi Arabia            | Not applicable                |
| <b>Serbia</b>       | UniCredit Bank Austria A.G.                           | UniCredit Bank Serbia JSC     |
| <b>Singapore</b>    | The Hongkong and Shanghai Banking Corporation Limited | Not applicable                |
| <b>Slovakia</b>     | Citibank Europe PLC                                   | Not applicable                |

|                                   |   |  |
|-----------------------------------|---|--|
| <b>Slovenia</b>                   | UniCredit Banka Slovenija d.d.                        | Not applicable                           |
| <b>South Africa</b>               | The Standard Bank of South Africa Limited             | Not applicable                           |
| <b>South Korea</b>                | The Hongkong and Shanghai Banking Corporation Limited | Not applicable                           |
| <b>Spain</b>                      | Citibank Europe plc                                   | Not applicable                           |
| <b>Sri Lanka</b>                  | Standard Chartered Bank                               | Not applicable                           |
| <b>Sweden</b>                     | Skandinaviska Enskilda Banken AB (publ)               | Not applicable                           |
| <b>Switzerland</b>                | Credit Suisse (Switzerland) Ltd                       | Not applicable                           |
| <b>Taiwan</b>                     | The Hongkong and Shanghai Banking Corporation Limited | HSBC Bank (Taiwan) Limited               |
| <b>Taiwan</b>                     | Citibank Taiwan Limited                               | Not applicable                           |
| <b>Tanzania</b>                   | Standard Chartered Bank (Mauritius) Limited           | Standard Chartered Bank Tanzania Limited |
| <b>Thailand</b>                   | Citibank N.A., Bangkok Branch                         | Not applicable                           |
| <b>Tunisia</b>                    | Union Internationale de Banques                       | Not applicable                           |
| <b>Turkey</b>                     | Citibank A.S.   | Not applicable                           |
| <b>Uganda</b>                     | Standard Chartered Bank Uganda Limited                | Not applicable                           |
| <b>Ukraine (Market Suspended)</b> | JSC "Citibank"  | Not applicable                           |

|                                 |             |  |   |
|---------------------------------|-------------|--|---|
| <b>United Emirates (ADX)</b>    | <b>Arab</b> | The Hongkong and Shanghai Banking Corporation Limited          | HSBC Bank Middle East Limited (DIFC) Branch |
| <b>United Emirates (DFM)</b>    | <b>Arab</b> | The Hongkong and Shanghai Banking Corporation Limited          | HSBC Bank Middle East Limited (DIFC) Branch |
| <b>United Emirates (NASDAQ)</b> | <b>Arab</b> | The Hongkong and Shanghai Banking Corporation Limited          | HSBC Bank Middle East Limited (DIFC) Branch |
| <b>United Kingdom</b>           |             | Euroclear UK and Ireland Limited (Northern Trust self-custody) | Not applicable                              |
| <b>United States</b>            |             | The Northern Trust Company                                     | Not applicable                              |
| <b>Uruguay</b>                  |             | Banco Itau Uruguay S.A.  | Not applicable                              |
| <b>Vietnam</b>                  |             | The Hongkong and Shanghai Banking Corporation Limited          | HSBC Bank (Vietnam) Ltd                     |
| <b>West Africa (UEMOA)</b>      |             | Standard Chartered Bank (Mauritius) Limited                    | Standard Chartered Bank Cote d'Ivoire SA    |
| <b>Zambia</b>                   |             | Standard Chartered Bank Zambia PLC                             | Not applicable                              |
| <b>Zimbabwe</b>                 |             | The Standard Bank of South Africa Limited                      | Stanbic Bank Zimbabwe Limited               |

## APPENDIX V

The ACD acts as Authorised Corporate Director of the following Open-ended Investment Companies:

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

**Authorised Contractual Schemes**

**Authorised Investment Companies with Variable Capital**

The Wharton Fund  
Thesis JDS Fund  
TM Acer Fund  
TM Balanced Growth Fund  
TM Brown Advisory Funds  
TM Brunsdon OEIC  
TM Cerno Investment Funds  
TM Cresswell Fund  
TM CRUX Funds ICVC  
TM First Arrow Investment Funds  
TM Hearthstone ICVC  
TM Investment Exposures Fund  
TM Investment Funds  
TM Lime Fund  
TM Natixis Investment Funds U.K. ICVC  
TM Neuberger Berman Investment Funds  
TM Oak Fund  
TM OEIC  
TM Optimal Funds  
TM P1 Investment Funds  
TM Redwheel Funds  
TM Ruffer Portfolio  
TM Stonehage Fleming Global Multi-Asset Umbrella Fund  
TM Stonehage Fleming Investments Funds  
TM Total Return Fund  
TM UBS (UK) Fund  
TM Veritas Investment ICVC  
Trowbridge Investment Funds

**Authorised Unit Trusts**

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



## APPENDIX VI

### PAST PERFORMANCE AND INVESTOR PROFILE

#### Past Performance

The performance information below is based on **accumulation shares** and **income shares**.

The performance table show the total annual return over a five year period up to 31 December in each year listed. The fund launched in 2018, so where data is not available, it is marked N/A.

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

| <b>Sub-Fund / Share Class</b>                      | <b>2019</b><br>% | <b>2020</b><br>% | <b>2021</b><br>% | <b>2022</b><br>% | <b>2023</b><br>% |
|--|------------------|------------------|------------------|------------------|------------------|
| TM Tellworth UK Smaller Companies Fund Class F Acc | 26.19            | 2.19             | 26.20            | -27.72           | 6.88             |
| TM Tellworth UK Smaller Companies Fund Class I Acc | 25.99            | 2.02             | 26.01            | -27.83           | 6.73             |
| TM Tellworth UK Smaller Companies Fund Class M     | N/A              | 3.02             | 27.28            | -27.11           | 7.79             |

*Source of performance data - Morningstar.*

**Please Note: The source for performance data has recently been changed. This change may have resulted in variations from previously published performance figures.**

Investors should note that these figures refer to the past and past performance should not be taken as a guide to the future.

#### Investor Profile

The Sub-funds are marketable to all eligible investors provided they can meet the minimum subscription levels.

The Sub-funds may be suitable for investors who see collective investment schemes as a convenient way of participating in investment markets. They may be suitable for investors wishing to seek to achieve defined investment objectives.

Investors should also consider the following:

#### **TM Tellworth UK Smaller Companies Fund**

Typically, investors should:

- ✓ wish to achieve capital growth from investment mainly in the shares of small-sized UK companies;
- ✓ have a lump sum to invest;
- ✓ be able to accept investment losses;
- ✓ plan to invest for the long-term in the knowledge that their return may suffer if they disinvest in the shorter-term and

understand that the value of their investment may be subject to large changes in value, both up and down

**If you are uncertain whether these products are suitable for you, please contact a professional adviser.**

## APPENDIX VII

### DIRECTORY

**The Company and Head Office:**

TM Tellworth Investments Funds  
Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP

**Authorised Corporate Director:**

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

**Depository:**

Northern Trust Investor Services Limited  
50 Bank Street, Canary Wharf, London E14 5NT

**Custodian:**

The Northern Trust Company  
50 Bank Street, London E14 5NT

**Investment Manager:**

Tellworth Investments LLP  
Eagle House, 108-110 Jermyn Street, London SW1Y 6EE

**Distributor:**

Tellworth Investments LLP  
Eagle House, 108-110 Jermyn Street, London SW1Y 6EE

**Registrar and Administrator:**

Northern Trust Global Services SE (UK Branch)  
50 Bank Street, London E14 5NT

*Dealing Office***Thesis Unit Trust Management Limited**

Sunderland SR43 4AZ

**Fund Accountant:**

Northern Trust Global Services SE (UK Branch)  
50 Bank Street, London E14 5NT

**Auditors:**

Ernst & Young LLP  
Atria One, 144 Morrison Street, Edinburgh EH3 8EX