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PROSPECTUS

of

**TM TOTAL RETURN FUND**

A UK UCITS  
Open-Ended Investment Company

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Valid as at and dated 04 March 2025

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

Thesis Unit Trust Management Limited

Authorised and regulated by the Financial Conduct Authority

FCA firm reference number: 186882

## **IMPORTANT INFORMATION**

### **TM TOTAL RETURN FUND**

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.

TM Total Return Fund is an open-ended investment company incorporated with limited liability and registered in England and Wales under registered number IC000855.

The head office of the Company is at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP and this is also the address in the UK for service on the Company of notices or other documents required or authorised to be served on the Company.

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

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

No person has been authorised to give any information or 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 on as having been made on behalf of the Company. The delivery of this prospectus (whether or not accompanied by any reports) or the issue of Shares shall not, under any circumstances, create any implication that the affairs of the Company have not changed since the date hereof.

The distribution of this prospectus and the offering of Shares in certain jurisdictions may be restricted. Persons into whose possession this prospectus comes are required 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 an offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

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

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

This prospectus is based on information, law and practice at the date hereof. Investors should check with Thesis Unit Trust Management Limited that this is the most recently published prospectus.

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

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## DEFINITIONS

<b>"A Shares"</b>	Shares designated by the ACD as A Shares as more particularly described in Section 1(C).
<b>"Act"</b>	Financial Services and Market Act 2000.
<b>"ACD"</b>	The Authorised Corporate Director, Thesis Unit Trust Management Limited.
<b>"Administrator"</b>	Thesis Unit Trust Management Limited who has delegated certain duties to Northern Trust Global Services SE, UK branch.
<b>"Approved Bank"</b>	<p>Means (in relation to a bank account opened on behalf for the Company):</p> <ul style="list-style-type: none"><li>(A) if the account is opened at a branch in the UK;<ul style="list-style-type: none"><li>(i) the Bank of England; or</li><li>(ii) the central bank of a member state of the OECD; or</li><li>(iii) a bank; or</li><li>(iv) a building society; or</li><li>(v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or</li></ul></li><li>(B) if the account is opened elsewhere:<ul style="list-style-type: none"><li>(i) a bank in (A); or</li><li>(ii) a bank which is regulated in the Isle of Man or the Channel Islands; or</li></ul></li><li>(C) a bank supervised by the South African Reserve Bank; or</li><li>(D) a credit institution established in an EEA State and duly authorised by the relevant Home State regulator,</li></ul> <p>as such definition may be updated in the FCA Glossary from time to time.</p>
<b>"Business Day"</b>	A weekday being Monday to Friday (excluding any public or bank holiday in England).
<b>"CASS"</b>	The requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook, as amended or replaced from time to time.
<b>"CCP"</b>	As defined in the FCA Glossary.

<b>“Class or Classes”</b>	In relation to Shares, means (according to context) all the Shares of the Company or a particular Class of Share of the Company.
<b>“COLL”</b>	The Collective Investment Schemes Sourcebook published by the FCA as part of their Handbook made under the Act as may be amended, or replaced, from time to time.
<b>“Company”</b>	The TM Total Return Fund.
<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>	Means all applicable laws relating to the processing, privacy and/or use of personal data including the following laws to the extent applicable in the circumstances: <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.</li> </ul>
<b>“Dealing Day”</b>	Tuesday of each week (except bank holidays in England), the last Business Day of each month and other days at the ACD’s discretion.
<b>“Depositary”</b>	NatWest Trustee and Depositary Services Limited.
<b>“Depositary Agreement”</b>	The agreement between the Company, the ACD and the Depositary regarding the appointment of the Depositary.
<b>“EEA”</b>	The European Economic Area.
<b>“EEA State”</b>	As defined in the FCA Glossary.
<b>“Efficient Portfolio Management” or “EPM”</b>	Means techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria: <ul style="list-style-type: none"> <li>(a) they are economically appropriate in that they are realised in a cost effective way; and</li> <li>(b) they are entered into for one or more of the following specific aims:</li> </ul>

- (i) reduction of risk;
- (ii) reduction of cost; and/or
- (iii) generation of additional capital or income for the Company with a risk level which is consistent with the risk profile of the Company and the risk diversification rules laid down in COLL.

<b>“Eligible Institution”</b>	As defined in the FCA Glossary.
<b>“FCA”</b>	The Financial Conduct Authority or any successor regulatory body. The address for the FCA is set out in Appendix D.
<b>“FCA Glossary”</b>	The glossary giving the meanings of the defined expressions used in the FCA Handbook as amended from time to time.
<b>“FCA Handbook”</b>	The FCA’s Handbook of rules and guidance including COLL, 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 COLL.
<b>“FATCA”</b>	The Foreign Account Tax Compliance Act (US).
<b>“Financial Instrument”</b>	As defined in the FCA Handbook.
<b>“Home State”</b>	As defined in the FCA Glossary.
<b>“Instrument of Incorporation”</b>	The instrument constituting 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>	Rothschild & Co Wealth Management UK Limited (formerly Rothschild Wealth Management (UK) Limited), the investment manager to the Company.
<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 (SI 2001/1228), as amended or re-enacted from time to time.
<b>“Register”</b>	The register of Shareholders of the Company.
<b>“Registrar”</b>	Northern Trust Global Services SE, UK branch.
<b>“Regulated Activities Order”</b>	The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 SI 2001/544.
<b>“Scheme Property”</b>	The property of the Company to be given to the Depositary for safekeeping, as required by the FCA Rules.
<b>“SDRT”</b>	Stamp Duty Reserve Tax.
<b>“Shares”</b>	A share in the Company.
<b>“Shareholder”</b>	Holder(s) of registered Shares in the Company.
<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>“UCITS”</b>	An undertaking for collective investment in transferable securities. This will include a UCITS scheme or an EEA UCITS scheme, each as defined in the FCA Glossary.
<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”</b>	The United Kingdom of Great Britain and Northern Ireland.
<b>“UK AIF”</b>	As defined in the FCA Glossary.
<b>“UK GDPR”</b>	Regulation (EU) 2016/679 as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as modified by the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019.
<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 Person”</b>	<p>A person who is in either of the following two categories:</p> <p>(a) a person included in the definition of “U.S. person” under Rule 902 of Regulation S under the 1933 Act; or</p> <p>(b) a person excluded from the definition of a “Non-United States person” as used in Commodity Futures Trading Commission (“CFTC”) Rule 4.</p> <p>For the avoidance of doubt, a person is excluded from this definition of US Person only if they are outside the definition of “U.S. person” in Rule 902 and the definition of “Non-United States person” under CFTC Rule 4.7.</p>
<b>“1933 Act”</b>	The United States Securities Act of 1933 (as may be amended or re-enacted).
<b>“Valuation Point”</b>	The point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Company for the purpose of determining the price at which Shares of a Class may be issued, cancelled, sold or redeemed.
<b>“VAT”</b>	Value added tax.

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

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

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

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

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

**IMPORTANT: IF YOU ARE IN ANY DOUBT AS TO THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT YOUR FINANCIAL ADVISER**

**SECTION 1 – GENERAL INFORMATION**

This document constitutes the Prospectus for the Company and is valid as at the date on the front of this prospectus. The Company is an Open-Ended Investment Company (OEIC) scheme authorised and regulated by the Financial Conduct Authority, which received its authorisation order from the Financial Services Authority (the FCA’s predecessor) on 7<sup>th</sup> December 2010. The FCA product reference number is 532390.

Shareholders are not liable for the debts of the Company.

**Investor Profile**

The Company is aimed at retail investors with a medium risk appetite, a longer term investment outlook over 5 or more years and who wish to invest for total return.

The base currency of the Company is pounds sterling.

The circumstances, and procedure, for winding up the Company are set out in Section H below.

**A. MANAGEMENT OF THE COMPANY**

**1. ACD**

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

The ACD also acts as authorised fund manager to other regulated collective investment schemes. Details of these schemes as at the date of this Prospectus are set out in Section 2 of this Prospectus.

Registered and  
head office: Exchange Building, St John’s Street, Chichester, West Sussex  
PO19 1UP

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

Directors:	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 as the ACD. 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.

The ACD has been appointed under an Agreement between the Company and the ACD, as amended from time to time (the "ACD Agreement"). Pursuant to such ACD Agreement the ACD shall manage and administer the Company in accordance with the Regulations, the Instrument of Incorporation and the Prospectus. The ACD Agreement contains detailed provisions relating to the responsibilities of the ACD and excludes it from any liability to the Company or 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. Details of the fees payable to the ACD are given in Section G (1).

The ACD Agreement provides that the appointment may be terminated by either party giving not less than 6 months' prior written notice at any time.

The ACD has delegated its investment management function to Rothschild & Co Wealth Management UK Limited, and its administrative functions to Northern Trust Global Services SE, UK branch (formerly Northern Trust Global Services PLC). In the event that the fees of the Investment Manager for investment management are paid directly by the Company rather than the ACD, the fees payable by the Company to the ACD

will be reduced by the amount of such fees. Copies of contracts of service between the Company and the ACD will be provided to a Shareholder on request.

## 2. **Depositary**

The Depositary of the Company is NatWest Trustee and Depositary Services Limited, a private limited company registered in England and Wales with company number 11194605.

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

The Depositary's registered and head office address is 250 Bishopsgate, London EC2M 4AA. The address of its office which handles matters relating to the Company, is set out in the "Directory" in Appendix D.

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

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

### **Duties of the Depositary**

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

### **Terms of Appointment**

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

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

The powers, duties, rights and obligations of the Depositary, the Company and the ACD under the Depositary Agreement shall, to the extent of any conflict, be overridden by the FCA Rules.

Under the Depositary Agreement the Depositary has the power to appoint sub-custodians and may include in such appointment powers to sub-delegate. The Depositary has delegated custody of the Scheme Property to The Northern Trust Company (the "Custodian"). Contact details for the Custodian are set out in Appendix D. The Custodian has, in turn, sub-delegated the custody of assets in certain markets in which the Company may invest to various sub-delegates ("sub-custodians").

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

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

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

The Depositary Agreement may be terminated on six months' notice by the Company, the Depositary or the ACD or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary has taken place.

Details of the fees payable to the Depositary are set out in Section G(3) (Charges and Expenses of the Company).

### **Conflicts of Interest**

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

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

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

As the Depositary operates independently from the Company, Shareholders, the ACD and its associated suppliers and the Custodian, the Depositary does not anticipate any conflicts of interest with any of the aforementioned parties.

The Depositary is under no obligation to account to the ACD, the Company or the Shareholders for any profits or benefits it makes or receives that are made or derived from or in connection with its role as depositary.

### **Updated Information**

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

## **2. Investment Manager**

Rothschild & Co Wealth Management UK Limited has been appointed as Investment Manager of the Company. The Investment Manager is regulated and authorised by the FCA.

The principal activity of the Investment Manager is investment management. The Investment Manager is required to comply with its own execution policy. A copy of the Investment Manager's execution policy is available on request from the ACD, or may be available from the Investment Manager's website, listed in the Directory in Appendix D.

The Investment Manager has been appointed under an investment management agreement (the "Investment Management Agreement"). Under the terms of this agreement, the Investment Manager's main duties are to advise on the management, purchase, sale or retention of investments for the Company and to keep the investments of the Company under review. Although the ACD retains responsibility for

the selection of investments for the Company, the Investment Manager is permitted to make investment decisions for the ACD on a day to day basis. However, the Investment Manager must give such advice and make such investment decisions as are consistent with the investment objective of the Company, the terms of the Instrument of Incorporation, the Prospectus, the OEIC regulations and the FCA Rules.

The Investment Management Agreement between the ACD and Investment Manager may be terminated without penalty by the ACD with immediate effect if it is in the interests of the Shareholders or otherwise by either party giving notice to the other party. The Investment Manager will be liable for certain losses suffered by the ACD or the Company in the carrying out of its duties, subject, in the absence of fraud, to certain limitations on the Investment Manager's liability.

Details of the fees payable to the Investment Manager are given in Section G(2).

### 3. **Registrar**

The ACD is responsible for maintaining the Register, and has delegated its registrar function to Northern Trust Global Services SE, UK branch.

The register of Shareholders is kept at 50 Bank Street, Canary Wharf, London E14 5NT and may be inspected at this address on any Business Day between the hours of 9.30 a.m. to 5.15 p.m.

### 4. **Auditors**

The Auditors of the Company are KPMG LLP, 15 Canada Square, Canary Wharf, London E14 5GL.

### 5. **Notices**

Any notice or document to be served upon a Shareholder will be duly served if it is sent by post or left at the Shareholder's address as appearing in the Register.

Any notice or document served by post will be 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:

- a) is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;

- b) is capable of being provided in hard copy by the ACD;
- c) enables the recipient to know or record the time of receipt; and
- d) is reasonable in the context.

A Shareholder whose registered address is not within the UK and who gives to the Company an address within the UK at which notices may be given to them shall be entitled to have notices given to them at that address. If they have not given such an address the Company will give notices to them at their address outside the UK unless the Company is aware that its doing so would contravene any law or regulation.

## **B. INVESTMENT OBJECTIVE, POLICY AND RESTRICTIONS**

### **1. Investment Objective**

The Fund aims to preserve and grow the real (i.e. after inflation) value of the Shares of the Fund, and generate income, net of fees, by the UK Consumer Price Index (CPI) plus 2% per annum, on average, over a five year rolling period.

Capital invested in the Fund is at risk and there is no guarantee that the investment objective of the Fund will be achieved.

### **2. Investment Policy**

To achieve its objective, the Fund will invest in assets that are expected to generate capital growth, after inflation, (known as "*return assets*"). Return assets may include equities, corporate bonds, commodities, hedge funds, and real estate. Investment in commodities, hedge funds, and real estate will be through collective investment vehicles only.

The Fund will also invest in assets that are expected to provide genuine diversification or protection against challenging equity markets (known as "*diversifying assets*"). Diversifying assets may include cash deposits, inflation-protected government bonds, warrants, money market instruments, derivatives, alternative strategies, and forward transactions. An alternative investment is a financial asset that does not fall into one of the conventional investment categories such as equities, bonds and cash. Alternative strategies make use of alternative assets and are designed to achieve enhanced risk-adjusted returns which have a lower correlation to major indices.

The Fund combines return and diversifying assets which are invested across global markets. The return assets will typically comprise of approx. 30%-85% of the portfolio



and are held to generate capital growth over a five year rolling period; the remainder of the portfolio will comprise of diversifying assets which are held to protect capital and investment performance, particularly during difficult markets which means the Fund has discretion to invest in the assets outlined above with no specified geographic focus, target sector or market, or asset allocation. The Fund may also invest in a range of different assets denominated in both sterling and non-sterling currencies. Investments may be held either directly or indirectly through collective investment vehicles (including those managed by the ACD, the Investment Manager or an associate of the ACD or third-party Investment Manager). There is no minimum allocation to any asset class.

**Approved derivative transactions will be used for the purpose of efficient portfolio management (including hedging). Forward foreign exchange is used to manage currency risk. The use of derivatives is expected to be limited.**

Cash and near cash assets will be held to enable the pursuit of the investment objective of the Fund or, as necessary to enable redemption of Shares, the efficient management of the Fund in accordance with its investment objective, and other ancillary purposes. The investment policy of the Fund may mean that at times, where it is considered appropriate, the property of the Fund will not be fully invested and that prudent levels of liquidity will be maintained.

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

## **6. Target Benchmark**

The performance of the Fund will be measured against the UK Consumer Price Index (CPI) plus 2% per annum for target return purposes only. This index was chosen as a target for the Fund's return because the Fund aims to grow investments above the rate of UK inflation.

The objective of the Fund is to achieve a return over a five year rolling period. Please refer to the above risk factors for the Fund.

## **7. Investment Restrictions**

The property of the Company will be invested with the aim of achieving the investment objective but subject to the limits set out in the FCA Rules, and as set out in Section 3 of this Prospectus, under the heading "Investment Powers and Borrowing Limits".

## **C. THE CHARACTERISTICS OF SHARES IN THE COMPANY**

### **1. Classes of Shares**

Several Classes of Share may be issued in respect of the Company. The ACD may make available within each Class income Shares and accumulation Shares.

The Share Classes currently available is set out in Section C 2 below.

An income Share is one in respect of which income is distributed periodically to Shareholders. An accumulation Share is one in respect of which income is credited periodically to capital within the Company.

Holders of income Shares are entitled to be paid the income attributable to such Shares of the appropriate Class on the interim and annual income allocation dates.

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

Each Class may attract different charges and expenses and so monies may be deducted from Classes in unequal proportions. In these circumstances the proportionate interests of the Classes within the Company will be adjusted accordingly in accordance with the terms of issue of Shares of those Classes. Also, each Class may have its own investment minima or other features, such as (in the case of the second or further Class of Shares in the Company) restricted access, at the discretion of the ACD. Details are set out in Appendix A.

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

### **2. The characteristics of Shares**

The Share Classes currently available for purchase are set out below:

Class A 2010 (Inc Shares)
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The minimum share capital of the Company shall be £1 and the maximum share capital shall be £500 billion.

### 3. **Meetings of Shareholders and Voting Rights**

For the purposes of this paragraph 3:

- a) a “physical meeting” is a general meeting convened at a physical location where Shareholders, or their proxy, must be physically present;
- b) a “hybrid meeting” is a general meeting which allows Shareholders, or their proxy, to be physically present at the location where the meeting is convened, or to attend and vote remotely; and
- c) a “virtual meeting” is a general meeting where all Shareholders, or their proxy, attend and vote remotely.

The provisions below, unless the context otherwise requires, apply to Class meetings as they apply to general meetings of the Company.

The Company does not propose to hold annual general meetings. Resolutions will be voted upon at extraordinary general meetings.

The ACD and the Depositary may convene a general meeting of the Company at any time in accordance with the FCA Rules. The ACD may hold a virtual meeting or a hybrid meeting as this is not inconsistent with any provisions in the Instrument of Incorporation.

Shareholders may request the convening of a general meeting by a requisition which must:

- a) state the objective of the meeting;
- b) be dated;
- c) be signed by Shareholders who, at that date, are registered as the Shareholders of Shares representing not less than one-tenth in value of all of the Shares then in issue; and
- d) be deposited at the head office of the Company or with the Depositary.

Any Shareholder who participates remotely in a hybrid meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights as a Shareholder who is physically present at the meeting.

Any Shareholder who participates in a virtual meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights that the Shareholder would have at a physical meeting.

Any Shareholder who participates remotely may do so without having to appoint a proxy and is not required to submit their vote on a resolution in advance of the meeting.

A meeting of Shareholders, duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the relevant regulations.

An extraordinary resolution is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for the resolution at a general meeting, or, as the case may be, a Class meeting of Shareholders.

Except where an extraordinary resolution is specifically required or permitted, any resolution of Shareholders is passed by a simple majority of the votes validly cast.

A meeting of Shareholders has no powers other than those contemplated by the FCA Rules.

Where a meeting of Shareholders is convened by the ACD or the Depositary, Shareholders must receive at least 14 days' written notice (inclusive of the date on which the notice is first served and the day of the meeting) and the notice shall specify:

- a) whether the meeting is to be a physical meeting, a hybrid meeting or a virtual meeting;
- b) if the meeting is a physical meeting or a hybrid meeting, the place of the meeting;
- c) if the meeting is a hybrid meeting or a virtual meeting, the means by which a Shareholder may participate, including any requirements for Shareholders to register before the meeting begins or to provide proof of their right to attend, and an explanation of how participating Shareholders may vote in a show of hands or in a poll, if they do not appoint a proxy;
- d) the day and hour of the meeting;

- e) the terms of the resolutions to be proposed; and
- f) the address of the website where the minutes of the meeting will subsequently be published.

Where the notice is served by the ACD a copy shall be sent to the Depository.

The accidental omission to give notice to, or the non-receipt of notice by any Shareholder will not invalidate the proceedings at any meeting.

Notice of an adjourned meeting of Shareholders must be given to each Shareholder, stating that while two Shareholders are required to be present, in person, by proxy or remotely, to constitute a quorum at the adjourned meeting, this may be reduced to one in accordance with COLL 4.4.6R(3), should two such Shareholders not be present after a reasonable time of convening of the meeting.

Where the meeting is a hybrid meeting or a virtual meeting, the ACD shall take reasonable care to ensure that the necessary supporting technology to enable Shareholders to attend and vote is in place at the start of the meeting and operates adequately throughout its proceedings, so that Shareholders who attend or vote remotely are not unfairly disadvantaged.

#### 4. **Voting and Quorum**

The quorum at a meeting of Shareholders shall be two Shareholders present in person, by proxy or (where applicable) remotely using the means specified in the notice. If, after a reasonable time after the start of the meeting, a quorum is not present, the meeting:

- a) if convened on the requisition of Shareholders, must be dissolved; and
- b) in any other case, must stand adjourned to:
  - (a) a day and time which is seven or more days after the day and time of the meeting; and
  - (b) in the case of a physical meeting or a hybrid meeting, a place to be appointed by the chair.

If, at an adjourned meeting a quorum is not present after a reasonable time from the time for the meeting, one person entitled to be counted in a quorum present at the meeting shall constitute a quorum.

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

- a) an adequate opportunity to be counted as present in the quorum; and

- b) sufficient opportunities to participate fully in the proceedings of the meeting, in particular when a vote is taken on a show of hands or by poll.

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

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

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

A Shareholder entitled to more than one vote need not, if they vote, use all their votes or cast all the votes they use in the same way. For joint Shareholders, the vote of the first Shareholder, or the proxy of the first Shareholder, stated in the Register will be accepted to the exclusion of the votes of other joint Shareholders.

In the context of despatch of notice, Shareholders means the persons who were entered in the Register seven days before the notice of meeting was given but excluding persons who are known not to be entered on the Register at the date of despatch of the notice.

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

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

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.

The ACD will publish the minutes on a website accessible to the general public without charge, no later than 5 Business Days after the meeting has taken place (but in the case of an original meeting which is adjourned, the minutes will be published no later than 5 Business Days after the adjourned meeting has taken place).

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

## 5. **Changes to the Company**

Changes to the Company are classified as fundamental, significant or notifiable.

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

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

The ACD must give prior written notice to Shareholders of any proposed change which

constitutes a significant change. This is a change or event which is not fundamental, but which:

- (a) affects a Shareholder's ability to exercise their rights in relation to their investment;
- (b) would reasonably be expected to cause the Shareholder to reconsider their participation in the Company;
- (c) results in any increased payments out of the scheme property to the ACD or an associate of the ACD; or
- (d) materially increase other types of payment out of the scheme property.

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

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

#### **D. RISK FACTORS**

***Investment in the Company is suitable for investment only by those persons and institutions who understand the degree of risk involved and believe that the investment is suitable based upon investment objectives and financial needs. The following are important warnings and potential investors should consider the following risk factors before investing in the Company.***

##### **1. General**

There are inherent risks in investment markets. Security prices are subject to market fluctuations and can be unpredictably affected by many and various factors including political and economic events and rumours. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may go down as well as up and investors may receive less than the original amount invested.



There is no guarantee that the investment objective of the Company will be achieved. It is important to note that past performance is not necessarily a guide to future returns or growth.

Investors will need to decide whether or not an investment vehicle of this nature is appropriate for their requirements.

## 2. **Investment in Emerging Markets**

Investors should be aware that some of the markets in which the Company may invest are emerging markets which are undergoing a period of growth and change. Custodian practices are not as developed within emerging markets, which may lead to difficulties in the settlement and recording of transactions. The stock markets involved are smaller and more volatile than the securities markets in more developed countries and a large proportion of the market capitalisation and trading value on such stock exchanges may be represented by a small number of issuers. In the past, some of the exchanges have experienced substantial price volatility and closure. There can be no assurance that such circumstances will not recur.

In emerging markets there may be a risk of political or economic change which could adversely affect the value of the Company's investments.

Accounting, auditing and financial reporting standards in some of the countries in which the Company may invest may be lower than those applicable in other more developed countries and investment decisions may be required to be made on less complete information than is customarily available.

## 3. **Currency Exchange Rates**

Investments may be made in assets denominated in various currencies and exchange rate movements may affect the value of an investment favourably or unfavourably, separately from the gains or losses otherwise made by such investments.

## 4. **SDRT**

Investors should note that in certain circumstances a provision for SDRT may be applied on the purchase, sale or transfer of Shares.

## 5. **Dilution levy**

Investors should note that in certain circumstances a dilution levy may be applied on their purchase or redemption of Shares (see "Dilution" under the heading "Buying and Selling Shares" below).

## 6. **Effect of Preliminary charge**

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

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

## 7. **Investment in Collective Investment Schemes**

By operating within its objective and approach, the Company will assume any specific risks associated with any investment in another collective investment scheme. In addition there are certain risks of more general application associated with such investments. For example, it is possible that it may be difficult to value an investment in a particular collective investment scheme made on behalf of the Company, where the net asset value thereof is not easily ascertainable due to suspension. Moreover, a particular fund may have liquidity problems and thus the Company may not be able to liquidate its holdings in a particular fund from time to time. The lack of liquidity of such collective investment schemes may also give rise to problems in providing an accurate or up-to-date valuation of the Shares of the Company. Furthermore there may be additional costs to an investor with this strategy arising out of the double charging incurred on the realisation of an investment due to the charges levied by both the Company and the underlying funds in which it invests.

## 8. **Derivatives**

**Derivative transactions may be used for the purposes of Efficient Portfolio Management (including hedging) and meeting the investment objective of the Company. The use of derivatives in this manner may increase the risk profile of the Company and may increase volatility in the Share price of the Company.**

9. Risk Management

9.1 The ACD uses a risk management process (including a risk management policy)

enabling it to monitor and measure at any time the risk of the Scheme's positions and their contribution to the overall risk profile of the Scheme.

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

(A) a true and fair view of the types of derivatives and forward transactions to be used within the Scheme together with their underlying risks and any relevant quantitative limits.

(B) the methods for estimating risks in derivative and forward transactions.

9.3 The ACD must assess, monitor and periodically review:

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

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

(C) the adequacy and effectiveness of measures taken to address any deficiencies in the performance of the risk management process.

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

## 10. **Fixed Interest Securities**

Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates increase, capital values may fall and vice versa. Inflation will erode the real value of capital. In addition, Companies may not be able to honour repayment on bonds they issue.

## 11. **Early Redemption**

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

## 12. **Counterparty Risk**

There is a risk that an issuer or counterparty will default by failing to make payment due, or failing to make payments in a timely manner, which would adversely affect the value of investments.

13. **Other Risks**

Adverse changes in market and economic conditions, tax or other laws or regulations or accounting standards may have an adverse effect on the Company's investments and on the value and consequences of holding the Shares. However, it cannot be predicted whether such changes will occur or to what extent these changes may adversely affect the business of the Company or the value of the Shares.

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

14. **Suspension of Dealings**

In certain circumstances the right to redeem Shares may be suspended (see paragraph 7 in Section F "Suspension").

15. **Smaller Companies**

Smaller companies can be subject to certain specific risks not normally associated with larger, more mature companies. These risks mainly relate to lack of product depth, limited geographical diversification and greater sensitivity to economic conditions. Furthermore, the marketability of shares in smaller companies is often restricted.

16. **Custody Risk**

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

## 17. **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.

## E. **PRICING OF SHARES**

The ACD deals on a forward price basis that is to say at the price for each Class of Share in the Company calculated by reference to the next Valuation Point following the ACD's agreement to issue or redeem the Shares in question.

Shares will be "single priced", with the same price for buying or selling on any particular day. A preliminary charge payable to the ACD may increase the amount the investor pays when buying Shares, and redemption charges (likewise payable to the ACD) may reduce the amount an investor receives on selling their Shares.

### 1. **Valuation of Property**

Valuations of the Company will take place at the Valuation Point on each Dealing Day, which shall be 12.00 noon.

The property of a Company is valued in accordance with the FCA Rules and the provisions of the Instrument of Incorporation, and as set out in Section 4 hereto. Subject to the provisions of Section 4, where mid-market valuations are not available, assets will to be valued on a fair value basis.

The ACD may carry out additional valuations of the Company if it considers it desirable. The ACD shall inform the Depositary of any decision to carry out such additional valuations. Valuations may also be carried out for effecting a scheme of arrangement or reconstruction, which do not create a Valuation Point for the purposes of dealings.

The ACD will, forthwith upon completing each valuation, notify the Depositary of the price of a Share of each Class.

### 2. **Publication of Prices**

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

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

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

### **3. Income Equalisation**

3.1 When an incoming Shareholder purchases a Share during an accounting period, part of the purchase price will reflect the relevant share of accrued income in the net asset value of the Company.

3.2 The amount of income equalisation in respect of any Share shall be either:

(A) the actual amount of income included in the issue price of that Share; or

(B) an amount arrived at by taking the aggregate of the amounts of income included in the price in respect of Shares of that Class issued or sold to Shareholders in the annual or interim accounting period in question and dividing that aggregate amount by the number of such Shares and applying the resultant average to each of the Shares in question.

### **4. Grouping for Equalisation**

Due to the complexity of assessing equalisation, the Instrument of Incorporation for the Company allows all the payments in respect of Shares in the same Class for each allocation period to be grouped together and for the refund to each holder of an equal amount in respect of each of these Shares.

### **5. Accounting Reference Dates and Distributions**

The annual accounting period of the Company ends on 30 November in each year.

There is an interim accounting period which ends on 31 May and half-yearly consolidated accounts will be made up to such date each year.

Distributions of income for the Company are made on or before the annual distribution date of 28 February and on or before the interim allocation date of 31 July each year. All distributions will be paid to Shareholders electronically to their bank.

Income is allocated to holders of the income Shares at the end of each accounting period, including an interim accounting period, and is automatically paid to

Shareholders unless a Shareholder elects in their application form or otherwise requests in writing, giving 30 days' notice prior to a distribution date, to receive all the income allocated to their Shares by way of reinvestment to acquire further Shares in the Company.

Holders of accumulation Shares are not entitled to be paid the income attributable to such Shares; the income is automatically transferred to (and retained as part of) the capital assets of the Company on the relevant interim and annual accounting date and is reflected in the price of an accumulation Share.

The amount available for the Company in any accounting period is calculated by taking the aggregate of the income received or receivable by the Company in respect of that period, deducting the aggregate of the ACD's and Depositary's remuneration and other payments properly paid or payable from the Company out of the income account in respect of that accounting period, and adding the ACD's best estimate of any relief from tax on that remuneration and those other payments. The ACD then makes such other adjustments as it considers appropriate (and after consulting the auditors as appropriate) in relation to taxation, the proportion of the prices received or paid for Shares that is related to income (taking into account any provision in the Instrument of Incorporation relating to income equalisation), potential income which is unlikely to be received until 12 months after the 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.

If a distribution remains unclaimed for a period of 6 years after it has become due it will be forfeited and will revert to the Company.

## **F. BUYING AND SELLING SHARES**

The dealing office of the ACD is open from 9.00 a.m. until 5.00 p.m. each Business Day.

### **1. Buying**

All investors will be classified as retail clients within the meaning of the FCA's rules regarding client categorisation.

Application Forms may be obtained on request from Thesis Unit Trust Management Limited at the dealing office of the Administrator the Administrator.

Applications for Shares may be made to the ACD between 9.00 a.m. and 5.00 p.m. on any Business Day, by sending a completed application form or clear written instructions to Thesis Unit Trust Management at the Administrator's Dealing Office or by obtaining an application form by telephoning the ACD's Customer Enquiry Line on 0333 300 0375.

A purchase or sale of Shares is a legally binding contract. Purchase orders received and accepted by the ACD before 12.00 noon on a Dealing Day will be dealt with at the price calculated on that day. Orders received and accepted after that time will be dealt with at the price calculated on the next Dealing Day.

The minimum number, or value of Shares, and subsequent holding of Shares is set out in Appendix A.

Applications will not be acknowledged, but a contract note will be sent out within 1 Business Day after the day on which an application to purchase Shares has been executed. No certificate will be issued.

The ACD has a right to reject an application for Shares on reasonable grounds, including without limitation:

- (A) an application by a Non-Qualified Person (see 3 below); or
- (B) an application where the number or value of the Shares sought to be issued is less than any number or value stated herein as the minimum number or value for the Company to be purchased or held,

in which event, the ACD will return any money sent for the purchase of Shares which are the subject of the application, at the risk of the applicant without interest.

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

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

The ACD may arrange for Shares to be issued in exchange for assets but will only do so where the Depositary has taken reasonable care to determine that its acquisition on behalf of the Company of those assets in exchange for the Shares concerned is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.



The ACD will not issue Shares in the Company in exchange for assets the holding of which would be inconsistent with the investment objective or policy of the Company.

If subscription monies or assets are not received by the ACD within 4 Business Days from the Dealing Day, the Shares may be cancelled.

The ACD will send you details of your right to cancel the transaction within a specified time limit. You have a right to cancel your investment within 14 days from receipt of that notice of your right to cancel: however if the value of your investment has fallen when you exercise this right you will only receive back this lower value.

## 2. **Selling**

At any time during a Dealing Day when the ACD is willing to issue Shares it must also be prepared to redeem Shares. Redemption requests to the ACD may be made on any Business Day between 9.00 a.m. and 5.00 p.m. by telephone on the numbers stated above or by sending clear written instructions.

Redemption requests received and accepted by the ACD before 12.00 noon on a Dealing Day will be dealt with at a price calculated on that day. All requests received and accepted after that time will be dealt with at the price calculated on the next Dealing Day. Redemption requests will not be acknowledged, but the amount due to the Shareholder on redemption will be shown on a contract note which will be sent out within one Business Day after the Shares are sold.

If the request is made by telephone, or if not all of the holders have signed the original redemption instruction, the ACD will send a withdrawal confirmation form for completion, signature by all of the holders, and return.

Unless otherwise indicated, a redemption request will be taken to apply to the entire holding.

### **Electronic Communications**

Although legislation now permits the ACD to accept renunciation of title shares by the means of electronic communication, the ACD will not, at present, offer this facility. Should this situation change, Shareholders will be informed in writing.

#### *In specie redemptions*

If a Shareholder requests the redemption or cancellation of Shares representing a value of more than 3% of the value of the Company, the ACD may arrange that in lieu

of payment of the price for the Shares in cash, the ACD shall cancel the Shares and transfer property of the Company. The ACD must give written notice to the Shareholder concerned of its decision to exercise these powers before the cash payment would otherwise be due. The property of the Company to be transferred (or sold) will be selected in consultation with the Depositary and with a view to achieving no more advantage or disadvantage to the Shareholder requesting redemption or cancellation of their Shares than to the continuing Shareholders.

No partial redemption may be made which would reduce the value of Shares below the investment minima held for each Company as specified in Appendix A or such lesser amount as the ACD shall decide in its absolute discretion.

Settlement in satisfaction of a redemption request will be issued within 4 Business Days of receipt by the ACD of the duly completed documentation. The ACD is not required to issue settlement in respect of the redemption of Shares where it has not yet received the money due on the earlier issue of those Shares.

### **3. Non-Qualified Persons**

If it comes to the notice of the ACD that any Shares are or may be owned or held legally or beneficially by a Non-Qualified Person ("Affected Shares") the ACD may give notice to the registered holder of the Affected Shares requiring the transfer of such Affected Shares to a person who is not a Non-Qualified Person or give a request in writing for the redemption or cancellation of such Affected Shares in accordance with the FCA Rules and this Prospectus. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer the Affected Shares to a person who is not a Non-Qualified Person, or establish to the satisfaction of the ACD (whose judgement shall be final and binding) that they and any person on whose behalf they hold the Affected Shares are not Non-Qualified Persons, they shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption or cancellation (at the discretion of the ACD) of the Affected Shares pursuant to the FCA Rules and this Prospectus.

A person who becomes aware that they have acquired or holds Affected Shares shall forthwith, unless they have already received a notice referred to above either transfer or procure the transfer of all the Affected Shares to a person who is not a Non-Qualified Person or give a request in writing or procure that a request is so given for the redemption or cancellation of all the Affected Shares pursuant to the FCA Rules or this Prospectus.

A Non-Qualified Person means any person to whom a transfer of Shares (legally or beneficially) or by whom a holding of Shares (legally or beneficially) would or, in the opinion of the ACD, might:

- (A) be an infringement of any law, governmental regulation or rule (or any interpretation of a law, governmental regulation or rule by a competent authority) of any country or territory by virtue of which the person in question is not qualified to hold such Shares; or
- (B) require the Company to be registered under any law or regulation whether as an investment fund or otherwise or cause the Company to be required to apply for registration or comply with any registration requirements in respect of any of its Shares in any jurisdiction; or
- (C) cause the Company or its Shareholders some legal, regulatory, taxation, pecuniary or material administrative disadvantage which the Company or its Shareholders might not otherwise have incurred or suffered.

#### 4. **Conversion of Shares**

The Instrument of Incorporation allows a Shareholder to give notice to the ACD in such form as the ACD may from time to time determine ("an Exchange Notice") of their desire to exchange all or some of their Shares of one Class (the "Original Shares") for Shares of another Class (the "New Shares") in accordance with provisions of this Prospectus. Such exchange is generally permissible provided that following conversion, the Shareholder seeking to convert satisfies the applicable minimum investment requirement of the Company. Upon receipt by the ACD of an Exchange Notice, the ACD shall cancel or redeem the Original Shares and issue or sell to the Shareholder such number of New Shares as is arrived at according to the following formula.

Exchange of the Original Shares as specified in an Exchange Notice shall take place at the first Valuation Point after the Exchange Notice is received or deemed to have been received by the ACD or, at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant Exchange Notice may agree.

Shares cannot be converted during a period where the calculation of the net asset value of the Company is suspended and the right of a Shareholder to convert during a period of suspension is similarly suspended.

## 5. **Transfer of Shares**

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

## 6. **Dilution**

Prices may be adjusted to compensate the Company for dilution. The Company may suffer a reduction in value as a result of the costs incurred in dealing in its underlying investments and of any spread between the buying and selling prices of such investments ("dilution"). With a view to countering this, the ACD may require the payment of a dilution levy ("dilution levy") to the Company as an addition to the price of Shares on their issue or sale by the ACD or as a deduction on their cancellation or redemption by the ACD.

The ACD reserves the right to charge a dilution levy of up to 2% of the value of the transaction on "large deals" i.e. if the value of any sale, redemption, issue or cancellation from a single Shareholder or a single intermediary (or a series of sales, redemptions, issues or cancellations from a single Shareholder or a single intermediary in respect of the same Valuation Point) in any Company exceeds £500,000. As a guideline an indicative rate may be in the region of 0.25%, however this is only an estimate, as the actual calculation will be based on the composition of the underlying assets of the Company at the time the dilution is applied.

On the occasions when the dilution levy is not applied there may be an adverse impact on the total assets, and consequently the future growth, of the Company. It is not possible to predict accurately whether dilution will occur at any point in time. Based on future projections, the ACD expects that the vast majority of sales and/or redemptions of Shares will be 'large deals' and that a dilution levy may be charged on the majority of deals.

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

Name	Estimated Dilution Levy (%) applicable for purchases as at 30 September 2024	Estimated Dilution Levy (%) applicable for sales as at 30 September 2024	Number of days on which a Dilution Levy has been applied over the period 1 October 2023 to 30 September 2024
<b>TM Total Return Fund</b>	0.088%	0.103%	1

## 7. **Suspension**

The ACD may, with the prior agreement of the Depositary or shall, if the Depositary so requires, temporarily suspend the issue, cancellation, purchase and redemption of shares for as long a period as is necessary if it, or the Depositary in the case of any requirement by it, is of the opinion where due to exceptional circumstances it is in the interests of all the Shareholders in the authorised Company.

The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review with a view to ending the suspension as soon as practicable after the exceptional circumstances have ceased.

The ACD must ensure that a notification of the suspension is made to Shareholders of the authorised Company as soon as practicable after suspension commences.

The circumstances under which suspension of dealing may occur include, for example, those where the ACD cannot reasonably ascertain the value of the assets or realise assets of a Company, or the closure or suspension of dealing on a relevant exchange.

This suspension may be restricted to any single Class within the Company.

During a suspension, the ACD will inform any Shareholder who requests a sale or redemption of shares that all dealings in shares have been suspended and that that Shareholder has the option to withdraw the request during the period of suspension or have the request executed at the first opportunity after the suspension ends. The withdrawal of a redemption notice must be provided to the ACD in writing. Any notice not withdrawn will be dealt with on the Dealing Day next following the end of the suspension.

Re-calculation of prices will commence at the Valuation Point for the relevant class or Company on the Dealing Day immediately following the end of the suspension.

## 8. **Mandatory Conversion**

Where the ACD considers it in the best interests of Shareholders, the ACD may convert a Shareholder's holding in one Class of Shares to another Class of Shares in the Company. The ACD shall give at least 60 days' prior written notice to the Shareholders concerned of the proposed conversion, including details of the new class of Shares and reminding Shareholders of their rights to redeem.

## 9. **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 procedures, Shareholders will be asked to provide some proof of identity when buying or selling Shares. The ACD may use an external agency to verify an investor's identity to comply with the UK anti-money laundering requirements.

Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to issue or transfer Shares, pay the proceeds of a redemption of Shares, or pay income from Shares to the investor.

## 10. **Dealing in Shares – Client Money Rules**

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

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

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

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 moneys 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.

## **G. CHARGES AND EXPENSES OF THE COMPANY**

### **1. Management Charges**

#### **(i) Preliminary Charge**

The ACD's preliminary charge, which is included in the buying price of the Shares, is set out in Appendix A.

The ACD may waive or discount the preliminary charge at its discretion.

#### **(ii) ACD's Periodic Fee**

The ACD is also entitled under the Instrument of Incorporation to receive out of the Scheme Property of the Company, with effect from the Dealing Day on which Shares of any Class are first allotted, a fee calculated and accrued daily, based on the value of the property of the Company on the immediately preceding Valuation Point, at the annual percentage rate set out in Appendix A ("ACD's Periodic Fee"). The ACD's

Periodic Fee is payable in Pounds Sterling in arrears on the first Business Day of each month (or if the date of termination of the Instrument of Incorporation is not on such a day, on that date).

The level of these charges may vary for different Classes and is expressed as a percentage of the net asset value of the proportion of the property attributable to each Class.

(iii) Redemption Charge

The ACD may make a charge (a "Redemption Charge") upon: (i) a redemption of Shares by the ACD as principal; or (ii) a cancellation of Shares by the ACD acting on behalf of the Company; or (ii) a cancellation of Shares at the request of a Shareholder.

If the ACD makes a Redemption Charge it shall be equivalent to 5% of the total amount realised on the redemption. For these purposes Shares will be redeemed on a "first in, first out" basis.

The ACD may waive or discount the redemption charge at its discretion.

2. **Investment Manager's fees**

The Investment Manager's fees and expenses (plus any VAT thereon) are paid out of the Scheme Property of the Company at the annual percentage rate set out in Appendix A. Research costs will be paid for by the Investment Manager and will not be paid out of the Scheme Property.

3. **Depository's Fees and Expenses**

The Depository receives for its own account a periodic fee which will accrue daily and is payable monthly on the last Business Day in each calendar month in respect of that day and the period since the last Business Day in the preceding month and is payable within seven days after the last Business Day in each month. The fee is calculated by reference to the value of the Company on the last Business Day of the preceding month except for the first accrual which is calculated by reference to the first valuation point of the Company. The rate of the periodic fee is agreed between the ACD and the Depository and is currently:

0.0275% per annum	on the first £50 million value of the property of the Company
0.025% per annum	on the next £50 million value of the property of the Company



0.02% per annum	on the next £100 million value of the property of the Company
0.015% per annum	on the remainder

subject to a current minimum of £7,500, applicable to the Company.

These rates can be varied from time to time in accordance with the FCA Rules.

The first accrual in relation to any Company will take place in respect of the period beginning on the day on which the first valuation of that Company is made and ending on the last Business Day of the month in which that day falls.

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

<b>Item</b>	<b>Range/Fee</b>
Transaction Charges	£8 to £200.
Derivative Transaction Charges	£20 (if applicable)
Custody Charges	0.005% to 1.0%.

Custody charges will be subject to a minimum of £7,500 per annum.

These charges vary from country to country depending on the markets and the type of transaction involved. Transaction charges accrue at the time the transactions are effected and are payable as soon as is reasonably practicable, and in any event not later than the last Business Day of the month when such charges arose or as otherwise agreed between the Depositary and the ACD. Custody charges accrue and are payable as agreed from time to time by the ACD and the Depositary.

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

The Depositary will also be entitled to payment and reimbursement of all costs, liabilities and expenses properly incurred in the performance of, or arranging the performance of, functions conferred on it by the Instrument of Incorporation, the FCA Handbook or by the general law.

On a winding up of the Company or the redemption of a class of Shares (if applicable), the Depositary will be entitled to its *pro rata* fees, charges and expenses to the date of winding up, the termination, or the redemption (as appropriate) and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

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

In each such case such payments, expenses and disbursements may be payable to any person (including the ACD or any associate or nominee of the Depositary or of the ACD) who has had the relevant duty delegated to it pursuant to the FCA Handbook by the Depositary.

#### 4. **Other Expenses**

No additional payments may be made out of a Company's Property other than payments permitted by the FCA Rules which shall include the following:

- (i) any legal advice taken in relation to the Company;
- (ii) broker's commission (excluding costs for research), fiscal charges and other disbursements (including VAT) which are:
  - (a) necessary to be incurred in effecting transactions for a Company, and
  - (b) normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (iii) interest on borrowings permitted under the Company and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (iv) taxation and duties payable in respect of the property of the Company, the Instrument of Incorporation or the issue of Shares;
- (v) the costs of convening and holding meetings of holders;

- (vi) the costs of printing and distributing any documents required by the FCA Rules and any costs incurred as a result of periodic updates or changes to such documents and any other administrative expenses. With regard to the Simplified Prospectus, the FCA Rules allow only for the costs relating to the preparation and printing of this document to be made out of the Company's property;
- (vii) any costs incurred in publishing the prices of Shares, including the costs of listing the prices of Shares in publications and information services selected by the ACD, including the Financial Times;
- (viii) the audit fee properly payable to the Auditors (including VAT) and any proper expenses of the Auditor;
- (ix) the fees properly payable to a standing independent valuer (including VAT) and any proper expenses of the valuer;
- (x) any payment permitted by the FCA Rules on payment of liabilities on transfer of assets;
- (xi) the fee of the Registrar; The current charges for registration and dealing fees are £13.50 and £19.50 per transaction respectively, each subject to a minimum £500 pa;
- (xii) any fees or costs associated with any CASS related support activity incurred by the Registrar;
- (xiii) fees incurred in producing and despatching dividend or other payment of the fund; subject to a minimum of £2,000 per annum (these fees were previously part of the fees of the Registrar but will now be itemised separately);
- (xiv) the fees of the FCA under Schedule 1 Part III of the Act (or the corresponding fees of any regulatory authority in a country or territory outside of the UK in which Shares are or may be lawfully marketed); and
- (xv) any VAT payable in connection with any of the above.

## **H. WINDING-UP OF THE COMPANY**

- 1.1 The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under the FCA Rules.

1.2 Where the Company is to be wound up under the FCA Rules, such winding up may only be permitted under regulation 21 of the OEIC Regulations proposals to wind up the Company and a statement has been prepared by the ACD, sent and delivered to the FCA under COLL 7.3.5 (R) (a solvency statement) and received by the FCA prior to the proposals. The Company may not be wound up under the FCA Rules if there is a vacancy in the position of ACD at the relevant time.

1.3 Subject to the above the Company may be wound up under the FCA Rules:

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

1.3.2 when the period (if any) fixed for the duration of the Company by the Instrument of Incorporation expires, or any event occurs for which the Instrument of Incorporation provides that the Company is to be wound up (for example, if the Share capital of the Company is below £1 million, or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to wind up the Company); or

1.3.3 on the date stated in any agreement by the FCA in response to a request by the ACD for the Company to be wound up; and;

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

1.4 On the occurrence of any of the above:

1.4.1 the FCA Rules on "Dealing", "Valuation and Pricing" and "Investment and borrowing powers" will cease to apply to the Company;

1.4.2 the Company will cease to issue and cancel Shares in the Company and the ACD shall cease to sell or redeem Shares or arrange for the Company to issue or cancel them for the Company;

1.4.3 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;

1.4.4 where the Company is being wound up, the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;

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

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

As soon as reasonably practicable after completion of the winding up of the Company the Depositary shall notify the FCA that the winding up has been completed.

1.6 If any sum of money is unclaimed or stands to the account of the Company at the date of its dissolution the ACD shall arrange for the Depositary to pay or lodge such sum within one month after that date in accordance with the OEIC Regulations.

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

## **I. OTHER INFORMATION**

### **1. Reports**

Annual long reports and half-yearly long reports will normally be prepared respectively within 3 months after the end of each annual accounting period and within 2 months after the end of the interim accounting period. Accounts shall show all Classes of Shares in the Company. Copies of these reports may, if requested, be obtained free of charge from, or inspected by the public during normal working hours at, the registered

office of the ACD (set out in the "Directory" in Appendix D). The ACD should be contacted during normal business hours.

## 2. **Prospectus and Instrument of Incorporation**

Copies of the most recent Prospectus and Instrument of Incorporation of the Company (including any supplemental Instruments of Incorporation of the Company) may be obtained free of charge from, or inspected at, the ACD's registered office, which is set out in the "Directory" in Appendix D.

## 3. **Telephone Calls**

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

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

## 4. **Taxation**

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

### **Taxation of the Company**

The Company is an OEIC and is treated as 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.

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

## **(A) Income**

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

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

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

## **(B) Capital gains**

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

## **(C) Stamp Duty Reserve Tax**

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

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

## **Taxation of Shareholders**

### **(A) Income**

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

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 Company.

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

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

## **(B) Interest Distributions**

### UK resident individuals

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

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

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

Basic rate, higher rate and additional rate taxpayers will pay income tax (in the case of basic rate and higher rate taxpayers, 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 (as applicable).

### UK corporate Shareholders

If, at any point in an accounting period of a UK corporate Shareholder, the Company fails to satisfy the "qualifying investment" test, Shares held by the UK corporate Shareholder in respect of the Company are treated as if the Shares in respect of such a corporate Shareholder'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).

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

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

### **(C) Dividend Distributions**

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

#### UK resident individuals

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

#### UK corporate Shareholders

UK resident corporate Shareholders must split their dividend distributions into franked and unfranked income portions according to the percentage split given on the tax certificate. The unfranked portion is, 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 any UK corporate Shareholder although the franked dividend portion should fall within an exemption from corporation tax.

### **(D) Chargeable gains**

#### UK resident individuals

Shareholders who are resident in the UK may be liable to UK taxation on capital gains arising from the sale or other disposal, including a redemption of Shares. Gains will be

tax-free if after deduction of allowable losses they fall within an individual's annual capital gains exemption.

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

#### UK corporate Shareholders

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

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

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

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

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

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

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

The ACD may, in the future, seek to elect the Company into the TEF regime if it considers that it would be advantageous for the majority of investors in the Company

to do so. If the Company is elected into the TEF regime, the UK tax treatment of the Company and its investors would be different to that set out above.

#### **(D) International Tax Compliance**

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

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

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

#### **Shareholders should note that:**

- **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.**

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

## 12. **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 associate party's) credit rating. They may also use your (or your associated party's) details in the future to assist other companies for verification purposes. If you apply for shares you are giving the ACD permission to ask for this information in line with the Data Protection Laws. If you invest through a financial adviser they must fill an identity verification certificate on your behalf and send it to the ACD with your application

13. **Complaints**

If you feel there is cause to complain against the ACD, full details should be sent in writing to the ACD at:

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

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

If a complaint cannot be resolved satisfactorily with the ACD, it may be referred to the Financial Services Ombudsman. The address is: Exchange Tower, London E14 9SR.

14. **Remuneration**

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

15. **Non-accountability for profits**

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

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

**SECTION 2 – LIST OF OTHER AUTHORISED COLLECTIVE INVESTMENT SCHEMES  
OPERATED BY THE ACD**

**Authorised Contractual  
Schemes**

TM Brunel Pension  
Partnership ACS

**Authorised Open-Ended  
Investment Companies**

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

**Authorised Unit Trusts**

BPM Trust  
Eden Investment Fund  
Elfynn International Trust  
Glenhuntingly Portfolio Trust  
Hawthorn Portfolio Trust  
KES Diversified Trust  
KES Ivy Fund  
KES Growth Fund  
KES Income and Growth  
Fund  
KES Strategic Investment  
Fund  
Latour Growth Fund  
Lavaud Fund  
Mossylea Fund  
Pippin Return Fund  
The Argo Fund  
The Castor Fund  
The Darin Fund  
The Delta Growth Fund  
The Deribee Funds  
The Eldon Fund  
The Endeavour II Fund  
The Hall Fund  
The HoundStar Fund  
The Iceberg Trust  
The Maiden Fund  
The Millau Fund  
The Norfolk Trust  
The Notts Trust  
The Palfrey Fund  
The TM Stockwell Fund  
The White Hill Fund  
Thesis Headway Fund  
Thesis Lion Growth Fund  
Thesis PM A Fund  
Thesis PM B Fund  
Thesis Thameside Managed  
Fund  
TM Balanced Fund  
TM Chainpoint Fund  
TM Growth Fund  
TM Hearthstone UK  
Residential Feeder Fund  
TM Managed Fund  
TM Masonic Charitable  
Foundation Investment Fund  
TM Merlin Fund  
TM New Court Fund  
TM New Court Growth Fund

**Authorised Contractual Schemes**

**Authorised Open-Ended Investment Companies**

TM Brown Advisory Funds  
TM Brunsdon OEIC  
TM Cerno Investment Funds  
TM Cresswell Fund  
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 Oak Fund  
TM Oberon Funds ICVC  
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 Tellworth Investments Funds  
TM Total Return Fund  
TM UBS (UK) Fund  
TM Veritas Investment ICVC  
Trowbridge Investment Funds

**Authorised Unit Trusts**

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

## **SECTION 3 – INVESTMENT POWERS AND BORROWING LIMITS**

The following provisions apply in respect of the Company save where the context otherwise requires.

### **1. General**

The Scheme Property will be invested with the aim of achieving the investment objective of the Company but subject to the limits set out in the Company investment policy and the limits set out in the FCA Rules and this Prospectus.

The Company will not maintain an interest in immovable property or tangible moveable property.

Normally, the Company will be fully invested save for an amount to enable redemption of Shares, efficient management of the Company in relation to its strategic objective and other purposes which may be reasonably regarded as ancillary to the investment objective of the Company. This amount will vary depending upon prevailing circumstances and although it would normally not exceed 10% of the total value of the Company, there may be times when the Investment Manager considers stock markets to be overpriced or that a period of instability exists which presents unusual risks. In such cases or during such periods, a higher level of liquidity may be maintained and, if considered prudent, the amount of cash or near cash instruments held would be increased. Unless market conditions were deemed unusually risky, the increased amount and period would not be expected to exceed 30% and six months respectively.

### **1. Prudent spread of risk**

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

### **2. Cover**

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



- a) Where a rule in the FCA Rules 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:
- b) it must be assumed that in applying any of those rules, the Company must also simultaneously satisfy any other obligation relating to cover; and
- c) no element of cover must be used more than once.

### 3. **Transferable Securities**

4.1 A transferable security is an investment which is any of the following:

- a) a share;
- b) a debenture;
- c) an alternative debenture;
- d) a government and public security
- e) a warrant; or
- f) a certificate representing certain securities,

(as such terms are defined in the FCA Glossary).

4.2 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.

4.3 In applying paragraph 4.2 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.

4.4 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.

## 5 **Investment in transferable securities**

5.1 The Company may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

- a) the potential loss which the Company may incur with respect to holding the transferable security is limited to the amount paid for it;
- b) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder;
- c) reliable valuation is available for it as follows:
  - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;
  - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;
- d) appropriate information is available for it as follows:
  - (i) in the case of a transferable security admitted to or dealt in on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;
  - (ii) in the case of a transferable security not admitted to or dealt in on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;
- e) it is negotiable; and
- f) its risks are adequately captured by the risk management process of the ACD.

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

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

5.3 No more than 5% of the Scheme Property may be invested in warrants.

## 6. **UCITS schemes - general**

Subject to the investment objectives and policy of the Company and the restrictions set out in this Prospectus, the Scheme Property must, except where otherwise provided in the FCA Rules, only consist of transferable securities.

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

7.1 A unit or a share in a closed end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraphs 5.1 and 5.2 above and either:

- a) where the closed end fund is constituted as an investment company or a unit trust:
  - (i) it is subject to corporate governance mechanisms applied to companies; and
  - (ii) 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
- b) Where the closed end fund is constituted under the law of contract:
  - (i) it is subject to corporate governance mechanisms equivalent to those applied to companies; and
  - (ii) it is managed by a person who is subject to national regulation for the purpose of investor protection.

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

- 8.1 The Company may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company provided the investment:
- 8.1.1 fulfils the criteria for transferable securities set out in paragraphs 5.1 and 5.2 above; and
  - 8.1.2 is backed by or linked to the performance of other assets, which may differ from those in which the Company can invest.
- 8.2 Where an investment in 8.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

## **9 Approved money-market instruments**

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

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

- (1) has a maturity at issuance of up to and including 397 days;
  - (2) has a residual maturity of up to and including 397 days;
  - (3) undergoes regular yield adjustments in line with money market conditions at least every 397 days; or
  - (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 (1) or (2) or is subject to yield adjustments as set out in (3).
- 9.2 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.

9.3 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:

- (a) enabling the ACD to calculate a net asset value in accordance with the value at which the instrument held in the portfolio could be exchanged between knowledgeable willing parties in an arm's length transaction; and
- (b) based either on market data or on valuation models including systems based on amortised costs.

9.4 A money-market instrument that is normally dealt in on the money market and is admitted to or dealt in on an eligible market shall be presumed to be liquid and have a value which can be accurately determined at any time unless there is information available to the ACD that would lead to a different determination.

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

10.1 Transferable securities held within the Company must be:

10.1.1 admitted to or dealt in on an eligible market as described in 11.3.1; or

10.1.2 dealt in on an eligible market as described in 11.3.2; or

10.1.3 admitted to or dealt in on an eligible market as described in 11.4; or

10.1.4 recently issued transferable securities provided that:

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

10.1.4.2 such admission is secured within a year of issue.

10.2 However, the Company may invest no more than 10% of the Scheme Property in transferable securities other than those referred to in 10.1.

11. **Eligible markets regime: purpose**

11.1 To protect investors the markets on which investments of the Company are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.

- 11.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 10% restriction on investing in non-approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.
- 11.3 A market is eligible for the purposes of the rules if it is:
- 11.3.1 a regulated market as defined in the FCA Glossary; or
  - 11.3.2 a market in the UK or an EEA State which is regulated, operates regularly and is open to the public.
- 11.4 A market not falling within paragraph 11.3 of this Appendix is eligible for the purposes of the FCA Rules if:
- 11.4.1 the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - 11.4.2 the market is included in a list in the Prospectus; and
  - 11.4.3 the Depositary has taken reasonable care to determine that:
    - 11.4.3.1 adequate custody arrangements can be provided for the investment dealt in on that market; and
    - 11.4.3.2 all reasonable steps have been taken by the ACD in deciding whether that market is eligible.
- 11.5 In paragraph 11.4, a market must not be considered appropriate unless it is regulated, operates regularly, is recognised as a market or exchange or as a self-regulating organisation by an overseas regulator, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.
12. **Spread: general**
- 12.1 This paragraph 12 does not apply to transferable securities and approved money-market instruments to which paragraph 13 (**Spread: government and public securities**) below 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 value of the Scheme Property is to consist of deposits with a single body.
- 12.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or money market instruments issued by any single body,
- 12.5 The limit of 5% in 12.4 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%).
- 12.5a The limit of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds provided that when 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. The Company does not currently invest in covered bonds.
- 12.6 In applying 12.4 and 12.5, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 12.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property. This limit is raised to 10% where the counterparty is an Approved Bank.
- 12.8 Not more than 20% in value of the Scheme Property is to consist of transferable securities or money market instruments issued by the same group.
- 12.9 Not more than 20% of the value of the Scheme Property may be invested in any one scheme.
- 12.10 In applying the limits in 12.3, 12.4, 12.5, 12.6 and 12.7 and subject to 12.5a, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
- 12.10.1 transferable securities (including covered bonds) or approved money-market instruments issued by; or
- 12.10.2 deposits made with; or

12.10.3 exposures from OTC derivatives transactions made with;

a single body.

12.11 For the purpose of calculating the limits in 12.7 and 12.10, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:

12.11.1 it is marked-to-market on a daily basis and exceeds the value of the amount at risk;

12.11.2 it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;

12.11.3 it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and

12.11.4 can be fully enforced by the Company at any time.

12.12 For the purposes of calculating the limits in 12.7 and 12.10 of this paragraph, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

12.12.1 comply with the conditions set out in Section 3 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and

12.12.2 are based on legally binding agreements.

12.13 In applying this paragraph, all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

12.13.1 it is backed by an appropriate performance guarantee; and

12.14 it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

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

13.1 This paragraph 13 applies in respect of transferable securities and approved money-market instruments ("such securities") that are issued or guaranteed by:



13.1.1 the UK or an EEA State;

13.1.2 a local authority of the UK or an EEA State;

13.1.3 a non-EEA State; or

13.1.4 a public international body to which the UK or one or more EEA States belong.

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

13.3 **The Company may invest more than 35% in value of the Scheme Property in such securities issued by any one body provided that:**

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

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

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

**13.3.4 the disclosures required by the FCA have been made.**

In giving effect to the foregoing object more than 35% of the property of the Company, as the case may be, may be invested in such securities issued or guaranteed by the issuers listed in Section 5C.

13.4 Notwithstanding 12.1 and subject to 12.2 and 12.3 above, in applying the 20% limit in paragraph 12.3 with respect to a single body, government and public securities issued by that body shall be taken into account.

13.5 In relation to such securities:

13.5.1 issue, issuer and guarantor include guarantee, guaranteed and guarantor; and

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

## 14. **Investment in collective investment schemes**

14.1 Up to 100% of the value of the Scheme Property may be invested in Shares in other collective investment schemes ('second scheme') provided that the second scheme satisfies all of the conditions listed in paragraph 14.1.1 and provided that not more than 30% in value of the Scheme Property is invested in second schemes within paragraphs 14.1.1(ii) to (v) below:

### 14.1.1

- (i) it is a UK UCITS or satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or
- (ii) 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
- (iii) be authorised as a Non-UCITS retail scheme (provided the requirements of COLL 5.2.13AR(1), (3) and (4) are met); or
- (iv) be authorised in an EEA State (provided the requirements of COLL 5.2.13AR are met); or
- (v) it is authorised by the competent authority of an OECD member country (other than an EEA State) which has:
  - A. signed the IOSCO Multilateral Memorandum of Understanding; and
  - B. approved the scheme's management company, rules and depositary / custody arrangements;

(provided the requirements of COLL 5.2.13AR are met);

14.1.2 it complies, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes);

14.1.3 it has terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes; and

- 14.1.4 where the second scheme is an umbrella, the provisions in paragraphs 14.1.2 and 14.1.3 and COLL 5.2.11R (Spread: general) apply to each sub-fund as if it were a separate scheme.
- 14.2 The requirements referred to in COLL 5.2.13R(1) are that:
- 14.2.1 the second scheme is an undertaking:
- 14.2.1.1 with the sole object of collective investment in transferable securities or in other liquid financial assets, as referred to in this chapter, of capital raised from the public and which operate on the principle of risk-spreading; and
- 14.2.1.2 with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets (action taken by a scheme to ensure that the price of its units on an investment exchange does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption);
- 14.2.2 the second scheme is authorised under laws which provide that they are subject to supervision considered by the FCA to be equivalent to that laid down in the law of the United Kingdom, and that cooperation between the FCA and the supervisory authorities of the second scheme is sufficiently ensured;
- 14.2.3 the level of protection for unitholders in the second scheme is equivalent to that provided for unitholders in a UCITS scheme, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and approved money market instruments are equivalent to the requirements of this chapter; and
- 14.2.4 the business of the second scheme is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period.
- 14.3 Subject to the restrictions above, investment may be made in other collective investment schemes managed by the ACD or an associate of the ACD, provided that the ACD makes good to the Company certain amounts specified in COLL 5.2.16R.

14.4 The Company may, subject to the limit set out in 14.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the sub-funds or one of its associates as listed in Section 2.

## 15 **Management Fees**

Where a substantial proportion of the Company's assets are invested in other collective investment schemes the maximum level of management fees that may be charged to the Company and to the other collective investment schemes in which it invests should not exceed 2.5% per annum plus VAT if applicable.

## 16. **Investment in nil and partly paid securities**

A transferable security on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Company, at the time when payment is required, without contravening the rules in the FCA Rules.

## 17. **Derivatives: general**

**The Investment Manager may employ derivatives for the purposes of Efficient Portfolio Management (including hedging) and for meeting the investment objectives of the Company. The use of derivatives in this manner may increase the risk profile of the Company and may increase volatility in the Share price of the Company.**

**The value of these investments may fluctuate significantly. By holding these types of investments there is a risk of capital depreciation in relation to certain Company assets. There is also the potential for capital appreciation of such assets.**

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

17.1 A transaction in derivatives or a forward transaction must not be effected for the Company unless the transaction is of a kind specified in paragraph 19 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by the FCA Regulations at COLL 5.3.3AR.

- 17.2 Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the FCA Rules on "Spread: general" and "Spread: government and public securities" except for index based derivatives where the rules below applies.
- 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 Appendix.
- 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 the Company invests in an index based derivative, provided the relevant index falls within COLL 5.2.20AR, 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 Company may utilise the Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stock lending arrangements) are transactions in derivatives e.g. to hedge

against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

18.2 Permitted transactions are those that the Company reasonably regards as economically appropriate to EPM, that is:

18.2.1 Transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

18.2.2 Transactions for the generation of additional capital or income for the Company by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

18.2.2.1 pricing imperfections in the market as regards the property which the Company holds or may hold; or

18.2.2.2 receiving a premium for the writing of a covered call option or a cash covered put option on property of the Company which the Company is willing to buy or sell at the exercise price, or

18.2.2.3 stock lending arrangements.

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

18.3 Transactions may take the form of "derivatives transactions" (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the FCA Rules, or be a "synthetic future" (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with

counterparties who satisfy the FCA Rules. A permitted transaction may at any time be closed out.

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

18.5 Operational costs and fees arising from Efficient Portfolio Management techniques and/or the use of derivatives are paid for by the Company. The identity of the entities to which operational costs and fees are paid will be disclosed in the annual report.

19. **Permitted transactions (derivatives and forwards)**

19.1 A transaction in a derivative must be in an approved derivative; or be one which complies with paragraph 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 the Company is dedicated:

19.2.1 transferable securities;

19.2.2 approved money-market instruments permitted under the FCA Rules;

19.2.3 deposits and derivatives permitted under this paragraph;

19.2.4 collective investment scheme units permitted under paragraph 14 (Investment in collective investment schemes);

19.2.5 schemes replicating an index which satisfy the criteria set out in paragraph 17.6;

19.2.6 interest rates;

19.2.7 foreign exchange rates; and

19.2.8 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 the Company 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, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in COLL 5.2.22R(1), as read in accordance with the guidance at COLL 5.2.22AG are satisfied.
- 19.6 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 the FCA Rules on "Investment Powers: general", 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 The Company may not undertake transactions in derivatives on commodities.

20. **Financial Indices underlying derivatives**

- 20.1 The financial indices referred to in paragraph 19.2 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 the Company 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 the Company cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to invests 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**

21.1 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 the Company, and the ACD having taken reasonable care determines that delivery of the property pursuant to the transaction will not lead to a breach of the FCA Rules.

**22. Requirement to cover sales**

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

22.2 The above does not apply where:

22.2.1 the risks of the underlying Financial Instrument of a derivative can be appropriately represented by another Financial Instrument and the underlying Financial Instrument is highly liquid; or

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

22.2.2.1 cash;

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

22.2.2.3 other highly liquid assets having regard to their correlation with the underlying of the financial derivative instruments, subject to appropriate safeguards (e.g. haircuts where relevant).

22.3 In the asset classes referred to in paragraph 22.2.2, an asset may be considered as liquid where the instrument can be converted into cash in no more than seven Business Days at a price closely corresponding to the current valuation of the Financial Instrument on its own market.

## 23. **OTC transactions in derivatives**

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

23.1.1 with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is:

- a) an Eligible Institution or an Approved Bank; or
- b) a person whose permission (including any requirements or limitations), as published in the Financial Services Register, permits it to enter into the transaction as principal off-exchange;
- c) a CCP that is authorised in that capacity for the purposes of EMIR;
- d) a CCP that is recognised in that capacity in accordance with the process set out in article 25 of EMIR; or
- e) to the extent not already covered above, a CCP supervised in a jurisdiction that:
  - (i) has implemented the relevant G20 reforms on over-the-counter derivatives to at least the same extent as the UK; and
  - (ii) is identified as having done so by the Financial Stability Board in its summary report on progress in implementation of G20 financial regulatory reforms dated 25 June 2019.

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

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 which the ACD and the Depositary have agreed is reliable; or

23.1.3.2 if the value referred to in 23.1.3.1 is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

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 the Company and which is adequately equipped for such a purpose.

The jurisdictions that fall within paragraph 23.1.1(e) above are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.

For the purposes of paragraph 23.1.2 above, a "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.

In respect of its obligations under COLL 6.6.4 R(1)(a), the Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraphs 23.1.1 to 23.1.4 above.

## 24. **Stock lending**

24.1 The Company may only enter into a stock lending arrangement or repo contract for the account of and for the benefit of the Company and in the interest of its Shareholders.

24.2 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.

- 24.3 The stock lending permitted by this section may be exercised by the Company when it reasonably appears to it to be appropriate to do so with a view to generating additional income for the Company with an acceptable degree of risk.
- 24.4 The Company or the Depositary at the request of Company may enter into a stock lending arrangement or repo contract 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.
- 24.5 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.
- 24.6 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 the FCA Rules, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of the Company.
- 24.7 There is no limit on the value of the Scheme Property which may be the subject of stock lending transactions.
- 24.8 The ACD shall maintain a collateral management policy in accordance with applicable rules and regulations.

## 25. **Significant influence**

25.1 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:

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

25.1.2 the acquisition gives the Company that power.

25.2 For the purposes of paragraph 25.1 of this Appendix, 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).

## 26. **Concentration**

The Company:

26.1 must not acquire transferable securities other than debt securities which:

26.1.1 do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and

26.1.2 represent more than 10% of these securities issued by that body corporate;

26.2 must not acquire more than 10% of the debt securities issued by any single issuing body;

26.3 must not acquire more than 25% of the units in a collective investment scheme;

## 27. **Derivative exposure**

27.1 The Company may invest in derivatives and forward transactions as long as the exposure to which the Company is committed by that transaction itself is suitably covered from within the Scheme Property. Exposure will include any initial outlay in respect of that transaction.

- 27.2 Cover ensures that the Company 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, the Company must hold Scheme Property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Company is committed. Paragraph 28 (Cover for transactions in derivatives and forward transactions) below sets out detailed requirements for cover of the Company.
- 27.3 A future is to be regarded as an obligation to which the Company 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 the Company 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).
- 27.4 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.

28. **Cover for transactions in derivatives and forward transactions**

- 28.1 A transaction in derivatives or forward transaction is to be entered into only if the maximum exposure, in terms of the principal or notional principal created by the transaction to which the scheme is or may be committed by another person is covered globally.
- 28.2 Exposure is covered globally if adequate cover from within the Scheme Property is available to meet the scheme's total exposure, taking into account the value of the underlying assets, any reasonably foreseeable market movement, counterparty risk, and the time available to liquidate any positions.
- 28.3 Cash not yet received into the Scheme Property but due to be received within one month is available as cover.
- 28.4 Property the subject of a stock lending transaction is only available for cover if the ACD has taken reasonable care to determine that it is obtainable (by return or re-acquisition) in time to meet the obligation for which cover is required.
- 28.5 The global exposure relating to derivatives held in the Company may not exceed the net value of the Scheme Property.

29. **Cover and Borrowing**

- 29.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 28 of this Appendix as long as the normal limits on borrowing (see below) are observed.
- 29.2 Where, for the purposes of this paragraph the Company borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or their agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property, and the normal limits on borrowing under paragraph 33 (Borrowing powers) of this Appendix do not apply to that borrowing.

30. **Cash and near cash**

- 30.1 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:
- 30.1.1 the redemption of units; or
  - 30.1.2 efficient management of the Company in accordance with its investment objectives; or
  - 30.1.3 other purposes which may reasonably be regarded as ancillary to the investment objectives of the Company.
- 30.2 During the period of the initial offer the Scheme Property may consist of cash and near cash without limitation.

31. **General**

- 31.1 Where the Company invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Company by the close of business on the fourth Business Day the amount of any preliminary charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.
- 31.2 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by the Company 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.

**32. Underwriting**

32.1 Underwriting and sub underwriting contracts and placings may also, subject to certain conditions set out in the FCA Rules, be entered into for the account of the Company.

**33. Borrowing powers**

33.1 The ACD may, on the instructions of the Company and subject to the FCA Rules, borrow money from an Eligible Institution or an Approved Bank for the use of the Company on terms that the borrowing is to be repayable out of the Scheme Property. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation.

33.2 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.

33.3 The ACD must ensure that borrowing does not, on any Business Day, exceed 10% of the value of the Company.

33.4 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).

## **SECTION 4 – VALUATION OF SCHEME PROPERTY**

The value of the Scheme Property shall be determined in accordance with the following provisions.

1. All the property of the Company (including receivables) is to be included, subject to the following provisions.
2. Property which is not cash (or other assets dealt with in paragraph 3, 4 and 5 below) or a contingent liability transaction shall be valued as follows and the prices used shall (subject as follows) be the most recent prices which it is practicable to obtain:

2.1 Shares or shares in a collective investment scheme:

- (A) if a single price for buying and selling Shares or shares is quoted, at that price; or
- (B) if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any preliminary charge included therein and the selling 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, at a value which, in the opinion of the ACD, is fair and reasonable;

2.2 any other transferable security:

- (A) if a single price for buying and selling the security is quoted, at that price; or
- (B) if separate buying and selling prices are quoted, at the average of the two prices; or
- (C) if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no price exists, at a value which, in the opinion of the ACD, is fair and reasonable;

2.3 property other than that described in paragraphs 2.1 and 2.2 above:

at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.

3. Cash and amounts held in current and deposit accounts and in other time-related deposits shall be valued at their nominal values.
4. Property which is a contingent liability transaction shall be treated as follows:
  - 4.1 if a written option, (and the premium for writing the option has become part of the property of a Company), deduct the amount of the net valuation of premium receivable. If the property is an off-exchange derivative the method of valuation shall be agreed between the ACD and Depositary;
  - 4.2 if an off-exchange future, include at the net value of closing out in accordance with a valuation method agreed between the ACD and the Depositary;
  - 4.3 if any other form of contingent liability transaction, include at the net value of margin on closing out (whether as a positive or negative value). If the property is an off-exchange derivative (but not falling within 4.1 above), include at a valuation method agreed between the ACD and the Depositary.
5. In determining the value of the property of the Company, all instructions given to issue or cancel Shares shall be assumed to have been carried out (and any cash paid or received) whether or not this is the case.
6. Subject to paragraphs 7 and 8 below, agreements for the unconditional sale or purchase of property which are in existence but uncompleted shall be assumed to have been completed and all consequential action required to have been taken. Such unconditional agreements need not be taken into account if made shortly before the valuation takes place and, in the opinion of the ACD, their omission will not materially affect the final net asset amount.
7. Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options shall not be included under paragraph 6.
8. All agreements are to be included under paragraph 6 which are, or ought reasonably to have been, known to the person valuing the property.
9. Deduct an estimated amount for anticipated tax liabilities at that point in time including (as applicable and without limitation) capital gains tax, income tax, corporation tax and advance corporation tax and value added tax.
10. Deduct an estimated amount for any liabilities payable out of the property of the Company and any tax thereon treating periodic items as accruing from day to day.

11. Deduct the principal amount of any outstanding borrowings whenever payable and any accrued but unpaid interest on borrowings.
12. Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.
13. Add any other credits or amounts due to be paid into the property of the Company.
14. 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 Shareholders or potential Shareholders.
15. Add a sum representing any interest or any income accrued due or deemed to have accrued but not received.
16. The ACD may, in its absolute discretion and in circumstances where:
  - (A) it believes that no reliable price for the property in question exists; or
  - (B) such price, if it does exist, does not reflect the ACD's best estimate of the value of such property, value the Scheme Property of the Company or any part of the Scheme Property at a price which, in its opinion, reflects a fair and reasonable price for that property in accordance with any policy for fair value pricing set out in the Prospectus.

Notwithstanding the foregoing, the ACD may, at its absolute discretion, use other generally recognised valuation principles in order to reach a proper valuation of the Net Asset Value of the Company, in the event that it is impractical or manifestly incorrect to carry out a valuation of an investment in accordance with the above or it considers such principles better reflect the valuation of a security, interest or position and are in accordance with generally accepted accounting principles.

17. **Allocation of Payments**

The ACD and the Depositary have agreed that normally the fees payable to the ACD and the Depositary will be treated as a charge against income of the Company (except those charges and expenses relating directly to the purchase and sale of investments). If a Class's expenses in any period exceeds its income the ACD may take that excess from the capital property attributable to that Class.

**If deductions were made from capital, this may result in capital erosion or constrain capital growth.**

## **SECTION 5 – ELIGIBLE SECURITIES MARKETS AND ELIGIBLE DERIVATIVES MARKETS**

Investments may be made on each of the Eligible Securities and Derivatives Markets in order to fulfil the investment objective stated in Section 1(B).

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

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

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

### **A. ELIGIBLE SECURITIES MARKETS**

Australia	Australian Securities Exchange (ASX)
Brazil	BM & F BOVESPA
Canada	Toronto Exchange TSX Venture Exchange Montreal Exchange
The Channel Islands	Channel Islands Stock Exchange
China	Shanghai Stock Exchange Shenzhen Stock Exchange
Hong Kong	Hong Kong Stock Exchange
Indonesia	Indonesia Stock Exchange (IDX)
Japan	Tokyo Stock Exchange Osaka Securities Exchange

	Nagoya Stock Exchange JASDAQ Securities Exchange
The Republic of Korea	Korea Exchange
Malaysia	Bursa Malaysia Securities
Mexico	Bolsa Mexicana de Valores
Philippines	Philippine Stock Exchange
Singapore	Singapore Exchange (SGX)
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange A.G.
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand (SET)
UK	Alternative Investment Market (AIM) Plus Markets
USA	NYSE Alternext New York Stock Exchange NYSE Arca NASDAQ OMX PHLX NASDAQ

## **B. ELIGIBLE DERIVATIVES MARKETS**

A derivatives market is an eligible market if it is established under the rules of any of the following designated or recognised investment exchanges:

Australia	Australian Securities Exchange (ASX)
Canada	Montreal Exchange
Denmark	NASDAQ OMX Copenhagen A/S
Europe	Eurex Euronext London International Financial Futures and Options Exchange (LIFFE) OMLX / The London Securities and Derivatives Exchange

Finland	NASDAQ OMX (Nordic)
France	Euronext Paris
Hong Kong	Hong Kong Stock Exchange
Japan	Osaka Securities Exchange Tokyo Stock Exchange
Singapore	Singapore Exchange (SGX)
South Africa	South African Futures Exchange (SAFEX)
Spain	BME, Spanish Exchanges
Sweden	NASDAQ OMX Stockholm
US	NYSE Alternext New York Futures Exchange New York Stock Exchange NASDAQ OMX PHLX

### **C. GOVERNMENT AND PUBLIC SECURITIES ISSUERS**

More than 35% in value of the property of the Company may be invested in transferable securities and approved money-market instruments issued or guaranteed by:

- (1) The government of the United Kingdom of Great Britain and Northern Ireland; or
- (2) The Scottish Administration; or
- (3) The Executive Committee of the Northern Ireland Assembly; or
- (4) The National Assembly of Wales; or
- (5) The government of any of the following countries or territories outside the UK:
  - (a) Austria;
  - (b) Belgium;
  - (c) Bulgaria;
  - (d) the Czech Republic;
  - (e) Denmark;
  - (f) Estonia;

- (g) Finland;
  - (h) France;
  - (i) Germany;
  - (j) Greece;
  - (k) Hungary;
  - (l) Iceland;
  - (m) Ireland;
  - (n) Italy;
  - (o) Latvia;
  - (p) Liechtenstein;
  - (q) Luxembourg;
  - (r) the Netherlands;
  - (s) Norway;
  - (t) Poland;
  - (u) Portugal;
  - (v) Romania;
  - (w) the Slovak Republic;
  - (x) Slovenia;
  - (y) Spain;
  - (z) Sweden; or
- (6) Australia, Canada, Japan, New Zealand, Switzerland and the United States of America;  
or
- (7) One of the following international organisations: Asian Development Bank (ADB), Council of Europe Development Bank, Deutsche Ausgleichsbank (DTA), Eurofima, European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IADB), International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), Kreditanstalt für Wiederaufbau (KfW), LCR Finance plc, and the Nordic Investment Bank (NIB).



## APPENDIX A – PRINCIPAL FEATURES OF THE COMPANY

<b>Name:</b>	<b>TM TOTAL RETURN FUND</b>
<b>Investment Objective</b>	Please refer to Section 1(B)(1) of the Prospectus.
<b>Investment Policy</b>	Please refer to Section 1(B)(2) of the Prospectus.
<b>Target Benchmark</b>	Please refer to Section 1(B)(3) of the Prospectus.
<b>Launch Date:</b>	11 January, 2011
<b>Launch Price:</b>	£10.00
<b>Class of Shares:</b>	Class A 2010 (Inc Shares)
<b>Preliminary charge as a percentage of the price:</b>	2.75%
<b>Redemption Charge:</b>	5% (if applicable)
<b>ACD's Periodic Fee:</b>	Up to £50m      0.14%
	£50-100m      0.10%
	£100-200m      0.06%
	£200m+      0.055%
	Subject to a minimum £35,000
<b>Investment Manager's Fee:</b>	Up to 0.84% (but currently 0.80%)
<b>Investment minima:</b>	Initial Investment:      £100,000
	Minimum Holding      £50,000
	Ongoing top-up      £10,000
	Redemptions      £10,000

## APPENDIX B – HISTORICAL PERFORMANCE OF THE COMPANY

The performance table (below) shows the total annual return for the TM Total Return Fund up to 31 December in each year listed.

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

	<b>2019</b> (%)	<b>2020</b> (%)	<b>2021</b> (%)	<b>2022</b> (%)	<b>2023</b> (%)
TM Total Return Fund	9.06	5.25	6.19	-8.74	9.49

*Source of performance data - MorningStar*

Where a fund invests in securities denominated in currencies other than sterling, changes in the rates of exchange between currencies may cause your investment to fluctuate.

**These figures refer to the past and past performance is not a reliable indicator of future results or future investment returns.**

**The price of shares and the income produced by a fund can fall as well as rise. You may not get back the full amount of your investment.**

**Performance is determined by many factors including the general direction and volatility of markets and may not be repeatable.**

**These performance figures are presented as a matter of record and should be regarded as such.**

## APPENDIX C – LIST OF SUB-CUSTODIANS

As appropriate to the Eligible Markets listed in Section 5

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	
<b>Bahrain</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Bangladesh</b>	Standard Chartered Bank	
<b>Belgium</b>	The Northern Trust Company	
<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	
<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	
<b>Canada</b>	The Northern Trust Company, Canada Branch	
<b>Canada</b>	Royal Bank of Canada	
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China A Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>China A Share</b>	Industrial and Commercial Bank of China Limited	

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>Clearstream</b>	Clearstream Banking S.A	
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	
<b>Costa Rica</b>	Banco Nacional de Costa Rica	
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Egypt</b>	Citibank N.A., Cairo Branch	
<b>Estonia</b>	Swedbank AS	
<b>Euroclear</b>	Euroclear Bank S.A/N.V	
<b>Finland</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>France</b>	The Northern Trust Company	
<b>Germany</b>	The Northern Trust Company	
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	
<b>Greece</b>	Citibank Europe PLC	
<b>Hong Kong</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hong Kong (Stock and Bond Connect)</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Hungary</b>	Citibank Europe plc	
<b>Iceland</b>	Landsbankinn hf	
<b>India</b>	Citibank N.A.	
<b>Indonesia</b>	Standard Chartered Bank	
<b>Ireland</b>	The Northern Trust Company, London	

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Israel</b>	Citibank, N.A., Israel Branch	
<b>Italy</b>	Citibank Europe plc	
<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Jordan</b>	Bank of Jordan Plc	
<b>Kazakhstan</b>	Citibank Kazakhstan JSC	
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Citi Mexico S.A.	
<b>Morocco</b>	Citibank Maghreb S.A	
<b>Namibia</b>	Standard Bank Namibia Ltd	
<b>Netherlands</b>	The Northern Trust Company	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Oman</b>	First Abu Dhabi PJSC, Oman Branch	
<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Handlowy w Warszawie S.A.	
<b>Portugal</b>	BNP Paribas SA	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	
<b>Russia</b>	AO Citibank	
<b>Saudi Arabia</b>	The Northern Trust Company of Saudi Arabia	
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Slovakia</b>	Citibank Europe PLC	
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	
<b>South Africa</b>	The Standard Bank of South Africa Limited	
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Citibank Europe plc	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Switzerland</b>	UBS AG Switzerland	
<b>Taiwan</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Taiwan) Limited
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	
<b>Tunisia</b>	Union Internationale de Banques	
<b>Turkey</b>	Citibank A.S.	
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	

<b>Jurisdiction</b>	<b>Sub-custodian</b>	<b>Sub-custodian Delegate</b>
<b>Ukraine (Market Suspended)</b>	JSC "Citibank"	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Kingdom</b>	Euroclear UK and Ireland Limited (Northern Trust self-custody)	
<b>United States</b>	The Northern Trust Company	
<b>Uruguay</b>	Banco Itau Uruguay S.A.	
<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	
<b>Zimbabwe</b>	The Standard Bank of South Africa Limited	Stanbic Bank Zimbabwe Limited

## APPENDIX D - DIRECTORY

<b>The Company and Head Office:</b>	TM Total Return Fund Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP
<b>Authorised Corporate Director:</b>	<b>Thesis Unit Trust Management Limited</b> Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP
<b>Depository:</b>	<b>NatWest Trustee and Depository Services Limited</b> House A, Floor 0, Gogarburn, 175 Glasgow Road, Edinburgh EH12 1HQ
<b>Investment Manager:</b>	<b>Rothschild &amp; Co Wealth Management UK Limited</b> New Court, St Swithin's Lane, London EC4N 8AL Tel: 020 7280 5000 Fax: 020 7280 1514 <a href="http://www.rothschildandco.com">www.rothschildandco.com</a>
<b>Administrator:</b>	<b>Northern Trust Global Services SE, UK branch</b> 50 Bank Street, Canary Wharf, London E14 5NT
<i>Dealing office:</i>	<b>Thesis Unit Trust Management Limited</b> Sunderland SR43 4AZ
<b>Custodian</b> <i>Principal place of business</i>	<b>The Northern Trust Company</b> 50 South LaSalle Street, Chicago, Illinois, USA
<i>Who may also act under this power through its London branch:</i>	50 Bank Street, Canary Wharf, London E14 5NT
<b>Auditors</b>	<b>KPMG LLP</b> 15 Canada Square, Canary Wharf, London E14 5GL
<b>The Financial Conduct Authority (FCA)</b>	12 Endeavour Square, London E20 1JN