



---

PROSPECTUS

of

**The Diversification Fund ICVC**

A UK UCITS Open-Ended Investment Company

---

Valid as at and dated 15 December 2025

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

Thesis Unit Trust Management Limited

Authorised and regulated by the Financial Conduct Authority.

FCA firm reference number: 186882

## CONTENTS

<b>Glossary of Terms.....</b>	<b>4</b>
<b>The Company.....</b>	<b>11</b>
<b>The Service Providers.....</b>	<b>13</b>
<b>The Company's Investment &amp; Borrowing Powers .....</b>	<b>19</b>
<b>Valuations, Pricing and Dealing .....</b>	<b>37</b>
<b>Charges and Expenses.....</b>	<b>47</b>
<b>Determination &amp; Distribution Of Income .....</b>	<b>51</b>
<b>Shareholders' Voting Rights .....</b>	<b>52</b>
<b>Winding up of the Company .....</b>	<b>56</b>
<b>Taxation .....</b>	<b>58</b>
<b>General Information.....</b>	<b>62</b>
<b>Risk Warnings .....</b>	<b>64</b>
<b>Remuneration.....</b>	<b>68</b>
<b>Risk Management .....</b>	<b>68</b>
<b>Remuneration.....</b>	<b>69</b>
<b>Appendix A: Company Details.....</b>	<b>70</b>
<b>Appendix B: Eligible Securities and Derivatives Markets .....</b>	<b>73</b>
<b>Appendix C: List of Sub-Custodians .....</b>	<b>78</b>
<b>Appendix D: ACD - Further Information.....</b>	<b>86</b>
<b>Appendix E: Performance History .....</b>	<b>88</b>
<b>Appendix F: Directory of Contact Details .....</b>	<b>89</b>

**PROSPECTUS**  
**OF**  
**THE DIVERSIFICATION FUND ICVC**

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. This Prospectus is intended for distribution in the United Kingdom. The distribution of this Prospectus and the offering of Shares in the Company may be restricted in other jurisdictions. Potential Shareholders must inform themselves of the legal requirements and restrictions of their own jurisdiction and act accordingly. This Prospectus does not amount to a solicitation or offer by any person in any jurisdiction in which such solicitation or offer would be unauthorised or unlawful.

In particular, the Shares have not been and will not be registered under the 1933 Act, as amended, or any applicable securities laws of any state of the United States of America. They may not be offered or sold directly or indirectly in the United States of America, its territories and possessions, any state of the United States or the District of Columbia, or to US Persons. Any re-offer or resale of any of the Shares in the United States or to US Persons may constitute a violation of United States law. The Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. The ACD has not been and will not be registered under the United States Investment Advisers Act of 1940, as amended.

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 contained in this Prospectus does not contain any untrue or misleading statement or omit any matters required by the COLL to be included in it. The ACD accepts responsibility accordingly.

The Depositary is not responsible for the information contained in this Prospectus and accordingly does not accept any responsibility under the FCA Rules or otherwise.

Copies of this document have been sent to the Financial Conduct Authority and to the Depositary in accordance with the COLL Sourcebook.

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out-of-date Prospectus when it has issued a new Prospectus and potential investors should check that they have the most recently published Prospectus and supplementary documentation, including the latest reports when issued, which are available from the registered office of the ACD. Investors should check with the ACD that this is the most recently published version of the Prospectus.

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

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

## **INTRODUCTION**

This is the Prospectus for **The Diversification Fund ICVC** (the "Company".) In this Prospectus the following words and expressions shall have the following meanings:

## **GLOSSARY OF TERMS**

### **ACD or Authorised Corporate Director**

Thesis Unit Trust Management Limited, the authorised corporate director of the Company.

### **Act**

The Financial Services and Markets Act 2000 as amended from time to time.

### **Administrator**

Northern Trust Global Services SE, UK branch, the administrator of the Company.

### **AIF**

As defined in the FCA Glossary.

### **Approved Bank**

In relation to a bank account opened for the Company:

a) if the account is opened at a branch in the UK:

i) the Bank of England; or

ii) the central bank of a member state of the OECD; or

iii) a bank; or

iv) a building society; or

v) a bank which is supervised by the central bank or other banking regulator of a member state of the OECD; or

b) if the account is opened elsewhere:

i) a bank in a); or

ii) a bank which is regulated in the Isle of Man or the Channel Islands; or

c) a bank supervised by the South African Reserve Bank; or

d) a credit institution established in an EEA State or duly authorised by the relevant Home State regulator,

as such definition may be updated in the FCA Glossary from time to time.

### **Business Day**

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

**CASS**

The requirements relating to holding client assets and client money published by the FCA as part of the FCA Handbook.

**CCP**

As defined in the FCA Glossary.

**COLL**

Refers to the appropriate chapter or rule in the COLL sourcebook.

**COLL Sourcebook**

The Collective Investment Schemes sourcebook issued by the FCA as may be supplemented, amended or replaced, from time to time.

**Class or Classes**

In relation to Shares, means (according to the context) all of the Shares a particular class of Share related to the Company.

**Company**

The Diversification Fund ICVC, an open-ended investment company.

**Custodian**

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

**Data Protection Laws**

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:

- a) the UK GDPR;
- b) the Data Protection Act 2018;
- c) any laws which implement any such laws;
- d) any laws which replace, extend, re-enact, consolidate or amend any of the foregoing (whether or not before or after the date of this Prospectus; and
- e) all final and binding guidance, guidelines and codes of practice issued by any relevant supervisory authority relating to such Data Protection Laws.

**Dealing Day**

Tuesday (or the following working day, unless the ACD otherwise decides, if a bank holiday in England and Wales falls on a Tuesday), the last working day of each month and other such day as the ACD may decide from time to time and agree with the Depositary.

**Depository**

The person to whom is entrusted the safekeeping of all the Scheme Property of the Company, (other than certain Scheme Property designated by the FCA Rules), being NatWest Trustee and Depository Services Limited, the depository of the Company.

**Depository Agreement**

The agreement between the Company, the ACD and the Depository regarding the appointment of the Depository.

**Derivative**

As defined in the FCA Glossary.

**EEA State**

As defined in the FCA Glossary.

**Efficient Portfolio Management or EPM**

Techniques and instruments which relate to transferable securities and approved money-market instruments and which fulfil the following criteria:

- (a) they are economically appropriate in that they are realised in a cost effective way;
- (b) they are entered into for one or more of the following specific aims:
  - (i) reduction of risk;
  - (ii) reduction of cost;
  - (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.

**Eligible Derivatives Markets**

Derivatives markets which the ACD, after consultation with the Depository, has decided are appropriate for the purpose of investment of or dealing in the Scheme Property in accordance with the relevant criteria set out in the COLL Sourcebook and with regard to the Guidance on Eligible Markets issued by the FCA as amended from time to time and as more fully described in section 3.3 and Appendix B.

**Eligible Institution**

As defined in the FCA Glossary.

**EMIR**

As defined in the FCA Glossary.

**FCA**

The Financial Conduct Authority, of 12 Endeavour Square, London E20 1JN or any successor regulatory body.

**FCA Glossary**

The glossary giving the meanings of the defined expresses used in the FCA Handbook as amended from time to time.

**FCA Handbook**

The FCA Handbook of rules and guidance made under the Act.

**FCA Rules**

The rules contained in COLL but, for the avoidance of doubt, not including guidance or evidential requirements contained in COLL.

**Financial Instruments**

As defined in the FCA Glossary.

**Fund Accountant**

The person who provides fund accounting services, being Northern Trust Global Services SE, UK branch, and its successor or successors as fund accountant

**GAPS**

Government and public securities as defined in the FCA Glossary.

**Home State regulator**

As defined in the FCA Glossary.

**Instrument of Incorporation**

The instrument of incorporation of the Company, as amended from time to time.

**International Tax Compliance Regulations**

The International Tax Compliance Regulations 2015 (SI 2015/878), as amended or re-enacted from time to time.

**Investment Advisers**

Means collectively, or each individually, as the context requires, the following Evelyn Partners Investment Management Services Limited, Navera Investment Management Limited, Citibank, N.A. London Branch, Sarasin & Partners LLP and Thesis Asset Management Limited, investment advisers to the Company and the ACD.

**Net Asset Value or NAV**

The value of the Scheme Property of the Company less the liabilities of the Company as calculated in accordance with the Instrument of Incorporation.

**Non-UCITS Retail Scheme**

An authorised fund which is neither a UK UCITS, a qualified investor scheme nor a long-term asset fund.

**OEIC Regulations**

The Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended or re-enacted from time to time.

**OECD**

The Organisation for Economic Co-operation and Development.

**Register**

The register of Shareholders of the Company.

**Registrar**

Northern Trust Global Services SE, UK branch, the registrar of the Company.

**Regulations**

The OEIC Regulations and the FCA Handbook (including the COLL Sourcebook as amended from time to time).

**Scheme Property**

Means the property of the Company to be given to the Depositary for safekeeping, as required by the FCA Rules.

**SDRT**

Stamp Duty Reserve Tax.

**Share or Shares**

A share or shares in the Company (including larger denomination shares and smaller denomination shares).

**Shareholder(s)**

Holder(s) of registered Shares in the Company.

**SYSC**

The Senior Management Arrangements, Systems and Controls sourcebook issued by the FCA pursuant to the Act, as amended or replaced from time to time.

**UCITS**

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.



## **UCITS Directive**

The European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (No 2009/65/EC), as amended.

## **UK GDPR**

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.

## **UK UCITS**

As defined in the FCA Glossary.

## **UK UCITS Regulations**

Means the Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019 SI 2019/325 incorporating European directives or other European legislation relating to undertakings for collective investment in transferable securities into UK domestic law following the UK's withdrawal from the European Union.

## **United Kingdom or UK**

The United Kingdom of Great Britain and Northern Ireland.

## **United States or US**

The United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

## **US Person**

Means a person who is in either of the following two categories:

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

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

## **Valuation point**

The point, whether on a periodic basis or for a particular valuation, at which the ACD carries out a valuation of the Scheme Property for the Company for the purpose of determining the price at which Shares of a Class may be issued, cancelled, sold or redeemed. The Company will have a regular Valuation point at 12 noon on each Dealing Day which is also the dealing cut off point. The ACD may create an additional Valuation point for the Company at any time.

## **VAT**

Valued Added Tax.

## **1933 Act**

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

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

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

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

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

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

## 1. **The Company**

### 1.1 **General**

The Diversification Fund ICVC is a standalone investment company with variable capital, incorporated in England and Wales under the OEIC Regulations. It is governed by the OEIC Regulations, the COLL Sourcebook and its Instrument of Incorporation. The registered number of the Company is IC000098 and the FCA product reference number is 194771.

The Company is an open-ended investment company (**OEIC**).

The Company is a collective investment scheme as defined in the Act and was authorised by the Financial Services Authority on 16 March 2001. The Company's Instrument of Incorporation was registered with the Registrar of Companies for England and Wales on 20 March 2001, under company number IC000098. The Financial Services Authority was superseded by the Financial Conduct Authority and the Prudential Regulation Authority.

The Company is a UK UCITS. Refer to the sub-headings 'Company Structure' for further details.

The Company has an unlimited duration.

The object of the Company is to invest the Scheme Property in transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes with the aim of spreading investment risk and giving its Shareholders the benefit of the results of the management of that property.

The Shareholders have no interest in the Scheme Property, and are not liable for the debts of the Company.

The address of the head office and registered office of the Company is Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP. This is the address where notices, or other documents, can be served in the UK.

The maximum size of the Company's issued share capital is £10,000,000,000. The minimum size of the Company's issued share capital is £100.

Shares in the Company have no par value. The share capital of the Company at all times equals the Net Asset Value of the Company.

The base currency of the Company is British pounds.

The sole director of the Company is Thesis Unit Trust Management Limited, which acts as the Authorised Corporate Director.

Historic performance data of the Company is set out in Appendix E.

The circumstances in which the Company may be wound up are set out at paragraph 8 below.

### 1.2 **The Structure of the Company**

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.

The Scheme Property of the Company will be invested in accordance with the investment objective and investment policy.

The investment objective and investment policy are set out in Appendix A of this Prospectus and, for the limitations on investment, paragraph 3 of this Prospectus.

### 1.3 **Shares**

#### **Classes of Share within the Company**

Several Classes of Share may be issued in respect of the Company, details of which are in Appendix A. The ACD may make available within each Class income Shares and accumulation Shares.

At present only income Shares are issued.

An income Share is one where income is distributed periodically to Shareholders, in accordance with relevant tax law, without some or any tax being deducted or accounted for by the Company. An accumulation Share is one in respect of which income is credited periodically to capital but in accordance with relevant tax law without deduction or otherwise by the Company of some or any tax.

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

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 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 restricted access, at the discretion of the ACD.

The initial minimum number, or value of Shares to be held and subsequent holdings are set out in Appendix A. The ACD may, at its discretion, accept deals at a level lower than the stated minimum.

#### **The characteristics of Shares in the Company**

Details of each Class and the rights attached to each Class in so far as they vary from the rights attached to other Classes are in Appendix A. At present, Class B 2002 Shares only are available in the Company. There are no Class A Shares of the Company in issue. Details of the Class B 2002 Shares are set out in Appendix A.

A new Class of A Shares will be created automatically on or after 6th April in each year for investors subscribing for Class A Shares in the following 12 months and will be identified by the year in which it was created e.g. Class A 2001, Class A 2002, and so on. When a new Class of A Shares is created it shall have in all respects other than its duration, the same characteristics as the preceding year's Class of A Shares. Following the end of each year no further subscriptions will be accepted for Class A Shares of any preceding year. At the start of the eleventh year from the launch of a Class of A Shares that Class shall be automatically re-designated "Ten Year Class" and the Shares of that Class shall be consolidated with all the other Shares of the Ten Year Class of the same type to the extent that there is a single Ten Year Class of the same type.

A new Class of B Shares will be created automatically on or after 6th April in a year in which the ACD has decided to close the Class of B Shares that are then open. Each Class of B Shares will be identified by the year of its commencement. When a new Class of B Shares is created it shall have in all respects other than its duration, the same characteristics as the preceding Class of B Shares.

Each Class may issue income Shares and accumulation Shares. At present only income Shares are issued.

The title to registered Shares in the Company is evidenced by entry on the Register. Certificates are not issued to Shareholders. Details of a Shareholder's entry on the Register are available from the ACD on request.

The rights attached to the Shares of each Class will be expressed in two denominations, a larger denomination and a smaller denomination. The number of Shares of a Class held by any Shareholder shall be the total of:

$$N + \frac{n}{1000}$$

where  $N$  is the number of larger denomination Shares of that Class held and  $n$  is the number of smaller denomination Shares of that Class held.

The Register and all documentation sent to the Shareholders will show the number of larger denomination Shares and smaller denomination Shares of the same Class held as a single entry derived from the above formula.

If a Shareholder, at any time, has title to more than 1000 of the smaller denomination Shares of any one Class, then sufficient smaller denomination Shares of that Class will be consolidated into larger denomination Shares of the same Class, in a ratio of 1000 smaller denomination Shares to one larger denomination Share, so that they have title to less than 1000 smaller denomination Shares of that Class.

The ACD may at any time for the purpose of effecting a transaction with a Shareholder in Shares, substitute that Shareholder's entitlement to one or more larger denomination Shares into an entitlement to smaller denomination Shares of the same Class, in a ratio of one larger denomination Share to 1000 smaller denomination Shares.

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

## 2. **The Service Providers**

### 2.1 **The Authorised Corporate Director ('ACD')**

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

The Directors of the ACD are:

S R Mugford	Finance Director
D W Tyerman	Chief Executive Officer
S E Noone	Chief Service Director
D K Mytnik	Non-Executive Director
V R Smith	Non-Executive Director
C A E Lawson	Independent Non-Executive Director

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

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

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

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

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

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

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

**Head office and registered office:**

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

**Share Capital:**

Issued and paid up £5,673,167

**Terms of Appointment**

The ACD Agreement, dated 1 August 2011, provides that the appointment of the ACD may be terminated by the ACD at any time by notice in writing to the Company or terminated by either party giving not less than three months' prior written notice at any time. No such notice shall take effect until the appointment of a successor ACD.

The Depositary may also terminate the ACD Agreement if the ACD goes into liquidation (other than a voluntary liquidation for the purposes of reconstruction or amalgamation upon terms previously approved in writing by the Depositary); or a receiver is appointed to the

undertaking of the ACD or any part thereof; or any administration order is made in relation to the ACD under section 8 of the Insolvency Act 1986; or the ACD ceases to be an authorised person within the meaning of the Act. Otherwise, the ACD Agreement may be terminated by resolution of the Company in general meeting giving not less than six months' notice to the ACD.

The ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or concluding any outstanding obligations. No compensation for loss of office is provided for in the Agreement.

The ACD Agreement provides indemnities to the ACD other than for matters arising by reason of its negligence, default, breach of duty or breach of trust in the performance of its duties and obligations.

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

The fees to which the ACD is entitled are set out in part 5.

The ACD may also act 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 Appendix D.

#### *Delegated functions*

The ACD has delegated to the Investment Advisers the function of managing and acting as the investment advisers for the investment and re-investment of the assets of the Company.

The ACD has also delegated to the Registrar certain functions relating to the Register and to provide fund accounting and other administration services to the Company.

Further details of these functions are set out in the respective paragraphs 'The Investment Advisers' and 'The Administrator and Registrar' below.

## **2.2 The Depositary**

The Depositary for the Company is NatWest Trustee and Depositary Services Limited, a private limited company 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 is at 250 Bishopsgate, London EC2M 4AA. The address of its office which handles matters relating to the Company is set out in Appendix F.

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

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

### **Duties of the Depositary**

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

## **Terms of Appointment**

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

The Depositary Agreement provides that the Depositary be engaged to maintain the safe custody of the Scheme Property and to fulfil other duties required in the OEIC Regulations, 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 the Appendix F. 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 6 months' notice by the Company, the Depositary or the ACD or earlier on certain breaches or the insolvency of a party. However, termination of the Depositary Agreement will not take effect, nor may the Depositary retire voluntarily, until the appointment of a new Depositary has taken place.

Details of the fees payable to the Depositary are given in the "Charges and Expenses" section.

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



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

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.

## **2.3 The Investment Advisers**

The ACD has appointed the following Investment Advisers each to be responsible for the investment management of a specific portion of the Company:

### **Evelyn Partners Investment Management Services Limited ("Evelyn Partners"):**

Evelyn Partners is a private limited company limited incorporated in England on 24 June 1993 with number 02830297. Evelyn Partners is regulated by the FCA. Evelyn Partners has full discretionary powers over the investment of the part of the property of the Company entrusted to it subject to the overall responsibility and right of veto of the ACD.

**Thesis Asset Management Limited ("Thesis"):** Thesis is a private limited company incorporated in England on 21 March 1984 with number 1802101. Thesis is regulated by the FCA. Thesis has full discretionary powers over the investment of the part of the property of the Company entrusted to it subject to the overall responsibility and right of veto of the ACD.

Thesis Asset Management Limited is the only Investment Adviser connected with the ACD, as it is the same group as the ACD.

**Navera Investment Management Limited ("Navera"):** Navera is a private company limited by shares incorporated in England on 13 March 2020 with number 12516583. Navera is regulated by the FCA. Navera has full discretionary powers over the investment of the part of the property of the Company entrusted to it subject to the overall responsibility and right of veto of the ACD.

**Citi Investment Management, a business unit acting through Citibank, N.A. London Branch ("Citibank"):** Citibank is a UK establishment of Citibank N.A., established on 4 June 1920 and registered in England under branch number BR001018. Citibank is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority. Citibank has full discretionary powers over the investment of the part of the property of the Company entrusted to it subject to the overall responsibility and right of veto of the ACD. The principal business activity of Citibank is banking.

Citibank has sub-delegated discretionary portfolio management to BlackRock Investment Management (UK) Limited. The investment management delegation agreement may be terminated with immediate effect if the Investment Manager believes this is in the best interest of the investors. BlackRock Investment Management (UK) Limited is regulated by the FCA (Firm Reference Number 119293).

**Sarasin & Partners LLP ("Sarasin"):** Sarasin is a limited liability partnership incorporated in England on 17 July 2007 with number OC329859. Sarasin is regulated by the FCA. Sarasin has full discretionary powers over the investment of the part of the property of the Company entrusted to it subject to the overall responsibility and right of veto of the ACD. The principal activity of Sarasin is investment advice.

The registered office and/or principal place of business for each of the Investment Advisers are set out in Appendix F. None of the Investment Advisers is a broker fund advisor in relation to the Company.

Each of the Investment Advisers is required to comply with its own execution policy. A copy of each Investment Adviser's execution policy is available on request from the ACD, or may be available from each Investment Adviser's website (listed in Appendix F).

### **Terms of Appointment**

Under the terms of the agreements appointing the Investment Advisers (the "**Investment Advisory Agreements**"), each Investment Adviser's main duties are to give its best advice about the management, purchase, sale or retention of investments for their portion of the Company and to keep the investments of their portion of the Company under constant review. Although the ACD retains responsibility for the selection of investments for the Company, each Investment Adviser is permitted to make investment decisions for the ACD on a day to day basis. However, each Investment Adviser 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 COLL Sourcebook.

Specific terms under each Investment Advisory Agreement state that the Investment Adviser will be liable for certain losses suffered by the ACD or the Company subject, in the absence of fraud, to certain limitations on liability.

The Investment Advisory Agreements may each be terminated on three months' written notice given by any party to the other party and, when in the interests of investors, with immediate effect by the ACD.

The fees of the Investment Advisers are paid by the ACD. Research costs will be paid for by the Investment Advisers out of these fees and shall not be borne by the Company.

## **2.4 The Administrator and Registrar**

The ACD has appointed Northern Trust Global Services SE, UK branch, to provide administrative (including fund accounting) and secretarial services to the ACD, and to act as Registrar to the Company.

Details of its principal place of business address are set out in Appendix F.

The Register is kept and may be inspected during normal business hours by any Shareholder (or any Shareholder's duly authorised representative) at the offices of the Registrar located at 50 Bank Street, Canary Wharf, London E14 5NT.

The Register is prima facie evidence of entitlement to Shares. No notice of any trust shall be entered on the Register.

### **Terms of Appointment**

The Administrator and Registrar will carry out its duties, as set out in its agreement with the Company, in accordance with the directions of the Company or the ACD and will not alter

the manner in which its duties are carried out without the prior written consent of the Company or the ACD.

## **2.5 The Auditors**

The auditors to the Company are Grant Thornton UK LLP whose principal place of business address is set out in Appendix F.

## **2.6 The Custodian**

The Depositary has retained the services of The Northern Trust Company to assist the Depositary to perform its function of custodian of documents of title or documents evidencing title to the Scheme Property of the Company. The relevant arrangements prohibit Northern Trust Company as such custodian from releasing the documents into the possession of a third party without the consent of the Depositary.

## **2.7 Conflicts of Interest**

The ACD, the Investment Advisers and other companies within the ACD's group may, from time to time, act as investment managers or advisers to other companies or funds which follow a similar investment objective to that of the Company. It is therefore possible that the ACD and/or the Investment Advisers may in the course of their business have potential conflicts of interest with the Company. Each of the ACD and the Investment Advisers will, however, have regard in such event to its obligations under the ACD Agreement and the Investment Advisory Agreement respectively and, in particular, to its obligation to act in the best interests of the Company so far as practicable, having regard to its obligations to other clients when undertaking any investment where potential conflicts of interest may arise.

The Depositary may, from time to time, act as the depositary of other companies or funds.

The Administrator may, from time to time, act as the administrator of other companies or funds.

Further details of the ACD's policy is set out under the paragraph titled 'Risk Warnings' below.

## **3. The Company's Investment & Borrowing Powers**

### **3.1 The Investment Objectives and Policies**

The investment objective and policy of the Company is set out in Appendix A.

### **3.2 The Investment Powers and Investor Profile**

The property of the Company will be invested with the aim of achieving its investment objective but subject to the limits set out in chapter 5 the COLL Sourcebook. These limits apply as summarised below.

The Company is marketable to all retail investors.

### **3.3 UK UCITS - General**

The ACD must ensure that, taking into account the objective and policy of the Company, the property of the Company is invested so as to provide a prudent spread of risk. Particular requirements as to this spread of risk are set out below.

The property of the Company must, except where otherwise provided in COLL 5 and this Prospectus, only consists of any or all of:

- (a) transferable securities;
- (b) approved money-market instruments;
- (c) units in collective investment schemes;
- (d) derivatives and forward transactions;
- (e) deposits; and
- (f) movable and immovable property that is essential for the direct pursuit of the Company's business.

in accordance with the rules in COLL 5.2.

### 3.4 **Transferable securities**

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.

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.

In applying the paragraph above to an investment which is issued by a body corporate, and which is a share or a debenture, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

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.

#### **Investment in transferable securities**

The Company may invest in a transferable security only to the extent that the transferable security fulfils the criteria in COLL 5.2.7AR (Investment in transferable securities) relating to potential loss, liquidity, reliable valuation, availability of information and negotiability.

A unit in a closed ended 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 COLL 5.2.7AR and the rules relating to the constitution of such a closed ended fund as set out in COLL 5.2.7CR.

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

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:

- (a) fulfils the criteria for transferable securities set out in COLL 5.2.7AR; and
- (b) is backed by or linked to the performance of other assets, which may differ from those in which the Company can invest.

Where an investment as set out in the paragraph above contains an embedded derivative component (see paragraph 3.15 (Derivatives: General), the requirements of this section, and the COLL Sourcebook, with respect to derivatives and forwards will apply to that component.

### 3.6 **Approved money market instruments**

An approved money-market instrument is a money-market instrument which is normally dealt in on the money market (pursuant to COLL 5.2.7GR), is liquid (pursuant to COLL 5.2.7HR) and has a value which can be accurately determined at any time (pursuant to COLL 5.2.7HR).

The Company may invest in an approved money market instrument which meets the requirements of COLL 5.2.10AR (Money-market instruments with a regulated issuer).

The Company may invest in an approved money market instrument if it is issued or guaranteed as required by COLL 5.2.10BR (Issuers and guarantors of money-market instruments).

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.

### 3.7 **Transferable Securities and Money Market Instruments**

Transferable securities and approved money-market instruments held within the Company must be:

- (a) admitted to or dealt in on an eligible market as described in paragraph 3.7.1; or
- (b) for an approved money-market instrument, not admitted to or dealt in on an eligible market, within COLL 5.2.10AR; or
- (c) recently issued transferable securities provided that:
  - (i) the terms of issue include an undertaking that application will be made to be admitted to an eligible market; and
  - (ii) such admission is secured within a year of issue.

However, not more than 10% in value of the property of the Company is to consist of transferable securities and approved money-market instruments other than those referred to above.

The Company will not have any investment in any immovable or movable property for the direct pursuit of the Company's business.

### 3.8 **Eligible Markets: requirements**

- 3.8.1 A market is eligible for the purposes of the COLL Sourcebook and if it is:
- (a) a regulated market (as defined in the FCA Glossary);
  - (b) a market in the UK or an EEA State which is regulated, operates regularly and is open to the public; or
  - (c) any market falling within 3.7.2 below.
- 3.8.2 A market not falling within 3.7(a) and (b) is eligible for the purposes of the COLL Sourcebook if:
- (a) the ACD, after consultation with and notification to the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property;
  - (b) the market is included in a list in the Prospectus; and
  - (c) the Depositary has taken reasonable care to determine that:
    - (i) adequate custody arrangements can be provided for the investment dealt in on that market; and
    - (ii) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

In paragraph 3.7.2(a), 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 transmissions of income and capital to or to the order of investors.

A list of additional markets agreed by the ACD is at Appendix B.

### 3.9 **Spread: general**

- 3.9.1 This paragraph does not apply in respect of a transferable security or an approved money-market instrument to which paragraph 3.10 applies.
- 3.9.2 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.
- 3.9.3 Not more than 20% in value of the Scheme Property is to consist of deposits with a single body.
- 3.9.4 Not more than 5% in value of the Scheme Property is to consist of transferable securities or approved money market instruments issued by any single body. This limit is raised to 10% in respect of up to 40% of the Scheme Property. Covered bonds need not be taken into account for the purpose of applying the limit of 40%.

- 3.9.5 The limit in paragraph 3.8.4 above of 5% is raised to 25% in value of the Scheme Property in respect of covered bonds, provided that when the Company invests more than 5% in covered bonds issued by a single body, the total value of covered bonds held must not exceed 80% of the Company.
- 3.9.6 In applying paragraph 3.8.4 above, certificates representing certain securities are to be treated as equivalent to the underlying security.
- 3.9.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 5% in value of the Scheme Property, this limit being raised to 10% where the counterparty is an Approved Bank.
- 3.9.8 Not more than 20% in value of the Scheme Property is to consist of transferable securities and approved money market instruments issued by the same group.
- 3.9.9 Not more than 20% in value of the Scheme Property is to consist of the units in any one collective investment scheme.
- 3.9.10 Not more than 5% in value of the property of the Company is to consist of warrants.
- 3.9.11 In applying the limits in paragraphs 3.8.3, 3.8.4, 3.8.6 and 3.8.7 above and subject to paragraph 3.8.5 above, not more than 20% in value of the Scheme Property is to consist of any combination of two or more of the following:
  - (a) transferable securities (including covered bonds) or money market instruments issued by; or
  - (b) deposits made with, or
  - (c) exposures from OTC derivatives transactions made with;
  - (d) a single body.

### 3.10 **Counterparty risk and issuer concentration**

- 3.10.1 The ACD must ensure that counterparty risk arising from an OTC derivative is subject to the limits set out in paragraphs 3.8.6 and 3.8.11.
- 3.10.2 When calculating the exposure of the Company to a counterparty in accordance with the limits in paragraph 3.8.6 the ACD must use the positive mark-to-market value of the OTC derivative contract with that counterparty.
- 3.10.3 The ACD may net the OTC derivative positions of the Company with the same counterparty, provided they are able legally to enforce netting agreements with the counterparty on behalf of the Company.
- 3.10.4 The netting agreements in paragraph 3.9.3 are permissible only with respect to OTC derivatives with the same counterparty and do not apply to any other exposures the Company may have with that same counterparty.
- 3.10.5 The ACD may reduce the exposure of scheme property to a counterparty of an OTC derivative through the receipt of collateral. Collateral received must be sufficiently liquid so that it can be sold quickly at a price that is close to its pre-sale valuation.

- 3.10.6 The ACD must take collateral into account in calculating exposure to counterparty risk in accordance with the limits in paragraph 3.8.6 when it passes collateral to an OTC counterparty on behalf of a Fund.
- 3.10.7 Collateral passed in accordance with paragraph 3.9.6 may be taken into account on a net basis only if the ACD is able legally to enforce netting arrangements with this counterparty on behalf of that Fund.
- 3.10.8 In relation to the exposure arising from OTC derivatives as referred to in paragraph 3.8.6 the ACD must include any exposure to OTC derivative counterparty risk in the calculation.
- 3.10.9 The ACD must calculate the issuer concentration limits referred to in paragraph 3.8.6 on the basis of the underlying exposure created through the use of OTC derivatives pursuant to the commitment approach.

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

- 3.11.1 The following paragraph applies in respect of a transferable security or an approved money-market instrument ("such securities") that is issued or guaranteed by:
  - (a) the UK or an EEA State;
  - (b) a local authority of the UK or an EEA State;
  - (c) a non-EEA State; or
  - (d) a public international body to which the UK or one or more EEA States belong.
- 3.11.2 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. However, currently the Company is not permitted to invest over 35% in value of its property in government and public securities issued by any one body.
- 3.11.3 In relation to such securities:
  - (a) issue, issued and issuer include guarantee, guaranteed and guarantor; and
  - (b) 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.

### 3.12 **Investment in collective investment schemes**

- 3.12.1 The Company must not invest in units in a collective investment scheme ("second scheme") unless the second scheme satisfies all of the following conditions, and provided that no more than 30% of the value of the Company is invested in second schemes within (a)(ii) to (v):
  - (a) the second scheme must:
    - (i) be a UK UCITS or a scheme which satisfies the conditions necessary for it to enjoy the rights conferred by the UCITS Directive as implemented in the EEA; or



- (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, as set out in paragraph 3.11.5, 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) be authorised by the competent authority of an OECD member country (other than an EEA State) which has:
      - i) signed the IOSCO Multilateral Memorandum of Understanding; and
      - ii) approved the scheme's management company, rules and depositary / custody arrangements;

(provided the requirements of COLL 5.2.13AR are met.)
  - (b) the second scheme must comply, where relevant, with COLL 5.2.15R (Investment in associated collective investment schemes) and COLL 5.2.16R (Investment in other group schemes);
  - (c) the second scheme must have terms which prohibit more than 10% in value of the scheme property consisting of units in collective investment schemes; and
  - (d) where the second scheme is an umbrella the provisions of paragraphs (b) and (c) above and COLL 5.2.11R (Spread: general) apply to each sub-fund as if it were a separate scheme.
- 3.12.2 The Company may invest up to 100% of its value in units of collective investment schemes.
- 3.12.3 The Company may invest in (and the Scheme Property of the Company may include) units in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Company or one of its associates, provided that the ACD makes good to the Company certain amounts specified in COLL 5.2.16R.
- 3.12.4 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 collective investment schemes in which it invests, should not exceed 2.5% per annum plus VAT (if applicable).
- 3.12.5 The requirements of COLL 5.2.13AR are that:
- (a) the second scheme is an undertaking:
    - (i) with the sole objective of collective investment in transferable securities or in other liquid financial assets, as referred to in Chapter 5 of the COLL Sourcebook, of capital raised from the public and which operate on the principle of risk spreading; and

- (ii) with units which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those undertakings' assets (action taken by a scheme to ensure that the price of its units on an investment exchange does not significantly vary from their net asset value shall be regarded as equivalent to such repurchase or redemption);
- (b) 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 UK, and that cooperation between the FCA and the supervisory authorities of the second scheme is sufficiently ensured;
- (c) the level of protection for unitholders in the second scheme is equivalent to that provided for unitholders in a UK UCITS, and in particular that the rules on asset segregation, borrowing, lending and uncovered sales of transferable securities and approved money market instruments are equivalent to the requirements of Chapter 5 of the COLL Sourcebook; and
- (d) 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.
- (e) Where the Company makes an investment in, or disposal of, units or shares of a second scheme which is managed or operated by, or whose authorised corporate director is, the ACD of the Company or one of its associates, and there is a charge in respect of such investment or disposal, the ACD must pay the Company the amount referred to in either paragraph (6) or paragraph (7) below within four Business Days following the date of the agreement to invest or dispose.
- (f) When an investment is made, the amount referred to in paragraph (5) above is either:
  - (i) any amount by which the consideration paid by the Company for the units or shares in the second scheme exceeds the price that would have been paid for the benefit of the second scheme had the units or shares been newly issued or sold by it; or
  - (ii) if such price cannot be ascertained by the ACD, the maximum amount of any charge permitted to be made by the seller of units or shares in the second scheme.
- (g) When a disposal is made, the amount referred to in paragraph (5) above is any charge made for the account of the authorised fund manager or operator of the second scheme or an Associate of any of them in respect of the disposal.
- (h) In paragraphs (6) and (7) above:
  - (i) any addition to or deduction from the consideration paid on the acquisition or disposal of units in the second scheme, which is applied for the benefit of the second scheme and is, or is like, a dilution levy or dilution adjustment, is to be treated as part of the price of the units and not as part of any charge; and
  - (ii) any switching charge made in respect of an exchange of units in one sub-fund or separate part of the second scheme for units in

another sub-fund or separate part of that scheme is to be included as part of the consideration paid for the units.

**3.13 Investment in other group schemes**

The Company may invest in another group scheme managed by the ACD where that scheme makes no charge on issue or redemption of units to the ACD and provided that the ACD makes good to the Company certain amounts specified in COLL 5.2.16R.

**3.14 Investment in nil and partly paid securities**

A transferable security or an approved money-market instrument on which any sum is unpaid only constitutes an eligible investment 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 COLL Sourcebook for UK UCITS.

**3.15 Cash, money market instruments and deposits**

**Cash**

Cash and near cash may only be held where it may reasonably be regarded as necessary for the pursuit of the Company's investment objective, redemption of Shares, the efficient management of the scheme or other purposes which may reasonably be regarded as ancillary to the investment objective of the Company.

**Deposits**

**The Company may invest in deposits only if it is:**

- (a) **with an Approved Bank; and**
- (b) **it is repayable on demand, or has the right to be withdrawn; and**
- (c) **matures in no more than 12 months.**

**3.16 Derivatives - general**

**Derivative transactions are used in the Company solely for the purposes of Efficient Portfolio Management and are not intended to increase the risk profile of the Company.**

3.16.1 A transaction in derivatives or a forward transaction must:

- (a) be of a kind specified in paragraph 3.16 (Permitted derivatives and forward transactions);
- (b) transaction is made in accordance with the requirements of COLL5.3.11; and
- (c) be covered as set out in paragraph 3.31 (Cover for investment in derivatives).

3.16.2 Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in paragraphs 3.8 (Spread: general) and 3.9 (Spread: Government and Public Securities) in relation to spread except for index based derivatives where paragraph 3.15.4 applies.

- 3.16.3 Where a transferable security or approved money market instrument embeds a derivative as defined in COLL 5.2.19R(3A) and COLL 5.2.19 AG, this must be taken into account for the purposes of complying with this Section 3 of the Prospectus.
- 3.16.4 Where the Company invests in an index based derivative, provided the relevant index falls within COLL 5.2.33R (Relevant Indices), the underlying constituents of the index do not have to be taken into account for the purposes of paragraphs 3.8 (Spread: General) and 3.9 (Spread: Government and Public Securities). The relaxation is subject to the ACD continuing to ensure that the Scheme Property provides a prudent spread of risk.

### 3.17 **Permitted derivatives and forwards transactions**

- 3.17.1 A transaction in a derivative must:
- (a) be in an approved derivative;
  - (b) or is an OTC derivative which complies with paragraph 3.20 (OTC Transactions in Derivatives).
- 3.17.2 A transaction in a derivative must have the underlying consisting of any or all of the following to which the scheme is dedicated:
- a) transferable securities;
  - b) approved money market instruments;
  - c) deposits;
  - d) derivatives (permitted under this section);
  - e) collective investment scheme units;
  - f) financial indices;
  - g) interest rates;
  - h) foreign exchange rates; and
  - i) currencies.
- 3.17.3 A transaction in an approved derivative must be effected on or under the rules of an Eligible Derivatives Market.
- 3.17.4 A transaction in a derivative must not cause the Company to diverge from its investment objectives as stated in the Instrument constituting the scheme and the most recently published version of this Prospectus.
- 3.17.5 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 paragraph 3.19 (Requirement to Cover Sales) are satisfied.
- 3.17.6 Any forward transaction must be with an Eligible Institution or an Approved Bank.

3.17.7 A derivative includes an instrument which fulfils the following criteria:

- (a) it allows the transfer of the credit risk of the underlying independently from the other risks associated with that underlying;
- (b) it does not result in the delivery or the transfer of assets other than those referred to in paragraph 3.2 (UCITS - General) including cash;
- (c) in the case of an OTC derivative, it complies with the requirements in paragraph 3.20 (OTC transactions in derivatives); and
- (d) its risks are adequately captured by the risk management process of the ACD, and by its internal control mechanisms in the case of risks of asymmetry of information between the ACD and the counterparty to the derivative, resulting from potential access of the counterparty to non-public information on persons whose assets are used as the underlying by that derivative.

3.17.8 The Company may not undertake transactions in derivatives on commodities.

### 3.18 **Financial indices underlying derivatives**

3.18.1 **The financial indices referred to in paragraph 3.21 (Valuation of OTC Derivatives) are those which satisfy the following criteria:**

- (a) **the index is sufficiently diversified as set out in COLL 5.2.20AR(2);**
- (b) **the index represents an adequate benchmark for the market to which it refers as set out in COLL 5.2.20AR(3); and**
- (c) **the index is published in an appropriate manner as set out in COLL 5.2.20AR(4).**

### 3.19 **Transactions for the purchase or disposal of property**

3.19.1 A derivative or forward transaction which will or could lead to delivery of property for the account of the Company may be entered into only if:

- (a) such property can be held for the account of the Company; and
- (b) the ACD having taken reasonable care determines that delivery of the property under the transaction will not lead to a breach of the rules in the Sourcebook.

### 3.20 **Requirement to cover sales**

3.20.1 No agreement by or on behalf of the Company to dispose of property or rights (except a deposit) may be made unless:

- (a) 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 of rights; and
- (b) the property and rights above are owned by the Company at the time of the agreement.

### 3.21 **OTC transactions in derivatives**

3.21.1 Any transaction in an OTC derivative under paragraph 3.16 must be:

3.21.1.1 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 provided by the FCA 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.

3.21.1.2 on approved terms. The terms of the transaction in derivatives are approved only if the ACD:

- (a) 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
- (b) can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value;

3.21.1.3 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:

- (a) on the basis of an up-to-date market value which the ACD and Depositary have agreed is reliable; or
- (b) if the value referred to in (a) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and;

3.21.1.4 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:

- (a) 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
- (b) a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

For the purposes of paragraph 3.20.1.2(a) above 'fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The jurisdictions that fall within paragraph 3.20.1.1(e) above are Australia, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Singapore, Spain, Switzerland, and the United States of America.

The Depositary must take reasonable care to ensure that the ACD has systems and controls that are adequate to ensure compliance with paragraph 3.20.1.

### 3.22 Valuation of OTC derivatives

- 3.22.1 For the purposes of paragraph 3.20 (OTC transactions in derivatives), the ACD must:
  - 3.22.1.1 establish, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of the exposures of the Company to OTC derivatives; and
  - 3.22.1.2 ensure that the fair value of OTC derivatives is subject to adequate, accurate and independent assessment.
- 3.22.2 Where the arrangements and procedures referred to above involve the performance of certain activities by third parties, the ACD must comply with the requirements in SYSC 8.1.13 R (Additional requirements for a management company) and COLL 6.6A.4 R (4) to (6) (Due diligence requirements of Managers of UK UCITS).
- 3.22.3 The arrangements and procedures referred to in this rule must be:
  - 3.22.3.1 adequate and proportionate to the nature and complexity of the OTC derivative concerned; and
  - 3.22.3.2 adequately documented.

### 3.23 Schemes replicating an index

- 3.23.1 **Notwithstanding paragraph 3.8 (Spread), the Company may invest up to 20% in value of the Scheme Property in shares and debentures which are issued by the same body where the stated investment policy is to replicate the composition of a relevant index as defined in paragraph 3.23.2 below.**
- 3.23.2 **Replication of the composition of a relevant index shall be understood to be a reference to replication of the composition of the underlying assets of that index, including the use of techniques and instruments permitted for the purpose of efficient portfolio management.**

- 3.23.3 **The limit in paragraph 3.23.1 can be raised up to 35% in value of the Scheme Property, but only in respect of one body and where justified by exceptional market conditions.**

3.24 **Derivatives exposure**

- 3.24.1 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 its property. Exposure will include any initial outlay in respect of that transaction.
- 3.24.2 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 property of the Company. Therefore, the Company must hold property sufficient in value or amount to match the exposure arising from a derivative obligation to which the Company is committed. Paragraph 3.24 sets out detailed requirements for cover of the Company.
- 3.24.3 Cover used in respect of one transaction in derivatives or forward transaction must not be used for cover in respect of another transaction in derivatives or a forward transaction.

3.25 **Cover for investment in derivatives**

- 3.25.1 The Company may invest in derivatives and forward transactions as part of its investment policy provided:
- 3.25.1.1 the ACD ensures its global exposure relating to derivatives and forward transactions held in the Company does not exceed the net value of the Scheme Property; and
  - 3.25.1.2 its global exposure to the underlying assets does not exceed in aggregate the investment limits laid down in paragraph 3.8 (Spread).

3.26 **Daily calculation of global exposure**

- 3.26.1 The ACD must calculate the global exposure of the Company on at least a daily basis in accordance with the methods described in COLL 5.3.7R to COLL 5.3.10R.
- 3.26.2 For the purposes of this section, exposure must be calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions.

3.27 **Calculation of global exposure**

- 3.27.1 The ACD must calculate the global exposure of any fund it manages either as:
- 3.27.1.1 the incremental exposure and leverage generated through the use of derivatives and forward transactions (including embedded derivatives as referred to in COLL5.2.19R(3A), which may not exceed 100% of the net value of the scheme property of the fund, by way of the commitment approach; or
  - 3.27.1.2 the market risk of the scheme property of the fund, by way of the value at risk approach.



- 3.27.2 The ACD must ensure that the method selected above is appropriate, taking into account:
- 3.27.2.1 the investment strategy pursued by the Company;
  - 3.27.2.2 the types and complexities of the derivatives and forward transactions used; and
  - 3.27.2.3 the proportion of the scheme property comprising derivatives and forward transactions.
- 3.27.3 Where the Company employs techniques and instruments including repo contracts or stock lending transactions in order to generate additional leverage or exposure to market risk, the ACD must take those transactions into consideration when calculating global exposure.
- 3.27.4 For the purposes of this paragraph, value at risk means a measure of the maximum expected loss at a given confidence level over the specific time period.

### 3.28 **Commitment approach**

- 3.28.1 Where the ACD uses the commitment approach for the calculation of global exposure, it must:
- 3.28.1.1 ensure that it applies this approach to all derivative and forward transactions (including embedded derivatives as referred to in COLL5.2.19R(3A), whether used as part of the Company's general investment policy, for the purposes of risk reduction or for the purposes of efficient portfolio management; and
  - 3.28.1.2 convert each derivative or forward transaction into the market value of an equivalent position in the underlying asset of that derivative or forward (standard commitment approach).
- 3.28.2 The ACD may apply other calculation methods which are equivalent to the standard commitment approach.
- 3.28.3 For the commitment approach, the ACD may take account of netting and hedging arrangements when calculating global exposure of a Fund, where these arrangements do not disregard obvious and material risks and result in a clear reduction in risk exposure.
- 3.28.4 Where the use of derivatives or forward transactions does not generate incremental exposure for the Company, the underlying exposure need not be included in the commitment calculation.
- 3.28.5 Where the commitment approach is used, temporary borrowing arrangements entered into on behalf of the Company in accordance with paragraph 3.28 (Borrowing) need not form part of the global exposure calculation.

### 3.29 **Borrowing**

The Company, on the instruction of the ACD may, in accordance with this paragraph, borrow money for the use of the scheme on terms that the borrowing is to be repayable out of the property of the Company. This power to borrow is subject to the obligation of the Company to comply with any restriction in the Instrument of Incorporation. The Company may borrow money only from an Eligible Institution or an Approved Bank.

The ACD must ensure that any borrowing is on a temporary basis, that the borrowings are not persistent, and for this purpose the ACD must have regard in particular to the duration of any period of borrowing; and the number of occasions on which resort is had to borrowing in any period.

The ACD must ensure that no period of borrowing exceeds three months, whether in respect of any specific sum or at all, without the prior consent of the Depositary; the Depositary's consent may be given only on such conditions as appear to the Depositary appropriate to ensure that the borrowing does not cease to be on a temporary basis only.

The ACD must ensure that the Company's borrowing does not, on any Business Day, exceed 10% of the value of the property of the Company. For these purposes borrowing includes any arrangement designed to achieve a temporary injection of money into the property of the Company in the expectation that the sum will be repaid.

The Company must not issue any debenture unless it acknowledges or creates a borrowing that complies with this paragraph 3.28.

### 3.30 **Stock lending**

The ACD may request the Depositary to enter into stock lending transactions in respect of the Company. However, the power must only be exercised where it reasonably appears to the ACD to be appropriate to do so with a view to the generation of capital or income for the Company with an acceptable degree of risk. Such an arrangement or contract will not be in the interests of Shareholders unless stock lending transactions meet these conditions.

ACD may request to enter into stock lending transactions in accordance with the rules of COLL 5.4 if the arrangement or contract is:

- a) for the account of, and for the benefit of, the Company; and
- b) in the interests of the shareholders of the Company.

Briefly, such transactions are those where the Depositary delivers the securities which are the subject of the transaction, in return for which it is agreed that securities of the same kind and amount should be re-delivered at a later date. The Depositary at the time of delivery of the securities, receives assets as collateral to cover against the risk that the securities are not returned.

Such transaction must always comply with the relevant requirements of the FCA Rules from time to time and the specific rules in the COLL Sourcebook and the rules on a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if:

- (1) all the terms of the agreement under which securities are to be re-acquired 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;
- (2) the counterparty is:
  - (a) an authorised person; or
  - (b) a person authorised by a Home State regulator; or
  - (c) a person registered as a broker-dealer with the Securities and Exchange Commission of the United States of America; or

- (d) a bank, or a branch of a bank, supervised and authorised to deal in investments as principal, with respect to OTC derivatives by at least one of the following federal banking supervisory authorities of the United States of America: the Office of the Comptroller of the Currency; the Federal Deposit Insurance Corporation; and the Board of Governors of the Federal Reserve System; and
- (3) high quality and liquid collateral is obtained to secure the obligation of the counterparty under the terms referred to in paragraph (1) above and the collateral is:
  - (a) acceptable to the Depositary;
  - (b) adequate (within the meaning of COLL 5.4.6); and
  - (c) sufficiently immediate.

The counterparty for the purpose of paragraph (1)(a) above is the person who is obliged under the agreement referred to in paragraph (1) above to transfer to the Depositary the securities transferred by the Depositary under the stock lending arrangement or securities of the same kind.

Paragraph (2) above does not apply to a stock lending transaction made through Euroclear Bank S.A./N.V.'s Securities Lending and Borrowing Programme.

There is no limit on the value of the property of the scheme which may be the subject of stock lending transactions.

**The Company does not currently enter into any stock lending transactions. If this position alters a revised prospectus will be made available and investors will be notified in the next report and accounts.**

### 3.31 Significant influence

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

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 per cent 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).

### 3.32 Concentration

The Company:

- (a) must not acquire transferable securities (other than debt securities) which do not carry a right to vote on any matter at a general meeting of the body corporate that issued them; and represent more than 10% of these securities issued by that body corporate;
- (b) must not acquire more than 10% of the debt securities issued by any single issuing body;

- (c) must not acquire units representing more than 25% in value of the scheme property in:
  - (i) a collective investment scheme that is not an umbrella or a sub-fund; or
  - (ii) a sub-fund of an umbrella;
- (d) must not acquire more than 10% of the money-market investments issued by any single body; and
- (e) need not comply with the limits in (b), (c) and (d) if, at the time of acquisition, the net amount in issue of the relevant investment cannot be calculated; and
- (f) need not comply with the limit in (c) where both the investing UCITS scheme and the collective investment scheme in which units are acquired (the "second scheme") are authorised funds managed by the same authorised fund manager, and the authorised fund manager;
  - (i) Performs portfolio management and risk management for both the investing UCITS scheme and the second scheme without delegation of those functions;
  - (ii) Delegates portfolio management and/or risk management for both the investing UCITS scheme and the second scheme to the same person; or
  - (iii) delegates portfolio management and/or risk management for either the investing UCITS scheme or the second scheme to another person but performs portfolio management and/or risk management in relation to the other scheme without delegation of those functions.

### 3.33 **Guarantees and indemnities**

The Company or the Depositary for the account of the Company must not provide any guarantee or indemnity in respect of the obligation of any person.

None of the property of the Company may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

These requirements do not apply to any indemnity or guarantee given for margin requirements where the derivatives or forward transactions are being used in accordance with COLL 5, or in respect of the Company:

- (a) an indemnity falling within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;
- (b) an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the property; and
- (c) to an indemnity given to a person winding up a scheme if the indemnity is given for the purposes or arrangements by which the whole or part of the

property of that scheme becomes the first property of the Company and the holders of units in that scheme become the first shareholders in the Company.

### 3.34 **Conflicts Policy**

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.

### 3.35 **Further information**

The Company will provide, on the request of a Shareholder, further information relating to:

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

## 4. **Valuations, Pricing and Dealing**

### 4.1 **Valuations**

Valuations of property of the Scheme for the purpose of the calculation of issue and cancellation and sale and redemption prices will be carried out in accordance with the COLL Sourcebook.

There will be a single price (on any share as determined from time to time by the reference to a particular Valuation point).

Accordingly, the price of a Share in the Company is calculated by reference to the Net Asset Value (or the relevant proportion of the Net Asset Value) of the Company. The Company will have a regular Valuation point at 12 noon on each Dealing Day which is also the dealing cut off point. The ACD may create an additional Valuation point for the Company at any time.

The Scheme Property attributed to the Company will be valued at each Valuation point to determine the proportion of the Net Asset Value attributable to each Class in the Company for the purpose of calculating the price of each Class. The Company is valued on a forward pricing basis, being the price calculated by reference to the Valuation Point next following the ACD's agreement to sell, or as the case may be, to redeem the shares in question.

The value of the Scheme Property attributed to the Company will be the value of its assets less the value of its liabilities. All the Scheme Property attributed to the Company will be included in each valuation. All instructions to issue or cancel Shares given for a prior Valuation point shall be assumed to have been carried out (and any cash paid or received).

The valuation will be based on the following:

- (a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.
- (b) Except in the case of units in an authorised unit trust or units or shares in other collective investment schemes, all transferable securities will be valued:

- (i) If an appropriate single price for buying and selling the security is quoted or obtainable, at that price.
  - (ii) If appropriate separate bid and offer prices are quoted or obtainable, the average of these two prices adjusted, if necessary taking account of dealing sizes and other relevant factors.
  - (iii) Otherwise, where no appropriate price is quoted or obtainable, at a price which, in the opinion of the ACD, is a fair and reasonable mid-market price for that security adjusted to take account of dealing sizes and other relevant factors.
- (c) Units or shares in an authorised unit trust or other collective investment scheme will be valued:
  - (i) Where the ACD would expect to purchase units for a different amount (not including an preliminary charge or dilution levy, if any) from that it would receive on the sale of those units (not including a redemption charge or dilution levy, if any), and is able to obtain those amounts, at the average of the latest of those two amounts.
  - (ii) Where the ACD would expect to purchase units for the same amount (not including an initial charge or dilution levy, if any) as that it would expect to receive on a sale of those units (not including a redemption charge or dilution levy, if any), and is able to obtain that amount, at that amount.
  - (iii) Otherwise at the average of the latest bid price and offer price of the units or shares.
- (d) A contingent liability transaction will be valued at the net value on closing out, excluding transaction costs, whether as a positive or negative value.  
  
 If the property is an off-exchange derivative, the method of valuation will be agreed between the ACD and the Depositary.
- (e) All other Scheme Property will be priced at a value which, in the opinion of the ACD, represents a fair and reasonable mid-market price.
- (f) If there are any outstanding agreements to purchase or sell any of the Scheme Property attributed to the Company which are uncompleted, then the valuation will assume completion of the agreement. However, the ACD need not include agreements that have been received by the ACD less than ½ hour before the Valuation point.  
  
 Not included in this paragraph are any futures or contracts for differences which are not yet due to be performed and are unexpired, and any unexercised written or purchased options.
- (g) Added to the valuation will be:
  - (i) any accrued and anticipated tax repayments of the Company;
  - (ii) any money due to the Company because of Shares issued prior to the Valuation point;
  - (iii) income due but not received by the Company; and

- (iv) any other credit of the Company due to be received by the Company.

Amounts which are de minimis may be omitted from the valuation.

- (h) Deducted from the valuation will be:

- (i) any anticipated tax liabilities of the Company;
- (ii) any money due to be paid out by the Company because of Shares cancelled prior to the Valuation point;
- (iii) the principal amount and any accrued but unpaid interest on any borrowings; and
- (iv) any other liabilities of the Company, with periodic items accruing on a daily basis.

Amounts which are de minimis may be omitted from the valuation.

#### 4.2 **Price of Shares**

The Net Asset Value of each Class in the Company will be calculated as follows:

- (a) The value of the Scheme Property (excluding the distribution account and the unclaimed distribution account) will be calculated at the relevant Valuation point as in 4.1 above.
- (b) The value of the proportionate interests of each Class within the Company will be ascertained by reference to the proportions which the units of entitlement of the Shares of the relevant Class bears to the total units of entitlement of all Shares in the Company.
- (c) The number of larger denomination Shares and smaller denomination Shares of the relevant Class in issue immediately prior to the Valuation point will be ascertained.
- (d) The number of smaller denomination Shares of the Class concerned will be notionally converted into larger denomination Shares of the Class concerned by dividing the number of smaller denomination Shares of that Class by one thousand. The result will be expressed to three decimal places and will be added to the number of larger denomination Shares of that Class.

The Net Asset Value per Share of each Class in the Company will be calculated as follows:

- (a) The Net Asset Value per Share for the larger denomination Shares of the relevant Class will be (b) above, divided by the number of larger denomination Shares of that Class in issue including notional Shares calculated in accordance with (d), above. This figure will be rounded to at least four significant figures.
- (b) The Net Asset Value per Share for the smaller denomination Shares of that Class will be one thousandth of that of the larger denomination Shares of that Class ascertained in (e) above. This figure will be rounded to at least four significant figures.
- (c) As the Company deals on the basis of single pricing, subject to the preliminary charge and any redemption charge (see Part 5), the price payable by an investor buying Shares will be the same as when a Shareholder sells Shares, that is, the Net Asset Value per Share as described above.

- (d) The value of the redemption proceeds from the Shares of each Class when a Shareholder sells Shares is:
  - (i) Where the Class has a redemption charge, the Net Asset Value of Shares of that Class ascertained as above less the redemption charge, rounded to at least four significant figures. At present no redemption charge is levied on Shares of any Class. Were such a charge to be introduced it would apply only to Shares issued after the date of this Prospectus.
  - (ii) Where the Class has no redemption charge, the Net Asset Value of Shares of that Class as ascertained above.
- (e) The price of Shares of each Class when an investor buys Shares is:
  - (i) Where the Class has a preliminary charge, the Net Asset Value of Shares of that Class ascertained as above plus the preliminary charge, rounded to at least four significant figures.
  - (ii) Where the Class has no preliminary charge, the Net Asset Value of Shares of that Class as ascertained above.

Where permitted, and subject to the Regulations, the ACD may in certain circumstances (for example where a significant event has occurred since the closure of a market) substitute a price with a more appropriate price which in its opinion reflects a fair and reasonable price for that investment.

### 4.3 **Price publication**

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.

### 4.4 **Dealing in Shares**

#### 4.4.1 **Dealing Prices**

Shares may normally be bought from and sold to the ACD between 9.00 a.m. and 5.00 p.m. on any Dealing Day (or at other times at the ACD's discretion). Unless otherwise requested the ACD will deal as agent between the investor and the Company.

All dealing will be forward to the prices calculated at the next Valuation Point.

When buying Shares, an investor pays the price and any charges (see Part 5), less any discount on the current preliminary charge (if any) that might be operating. When selling Shares, a Shareholder receives the price, less any charges (see part 5). In each case a contract note confirming the transaction will be dispatched by the close of business on the first working day after the Valuation point at which the transaction was priced.

#### 4.4.2 **Dilution Levy**

The Company may suffer dilution (reduction) in the value of the Scheme Property 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. It is not, however possible to predict accurately whether dilution is likely to occur at any point in time. With a view to countering this, the ACD is permitted to require the payment of a dilution levy as an addition to the price of Shares on their issue by the Company or sale by the ACD, and as a deduction on their cancellation by the Company or redemption by the ACD. In cases where a dilution levy is made the value of the capital of the Scheme Property of the Company will not be adversely affected by dilution. A dilution levy must be imposed only in a manner, that so far as practicable, is fair to all Shareholders or potential Shareholders.

The ACD reserves the right to charge a dilution levy of up to 2% of the Net Asset Value of a Share 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) exceeds £1,000,000 ('large deals').

If charged, the dilution levy will be paid forthwith by the ACD to the Depositary and will become part of the Scheme Property of the Company.

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 ACD's decision, on whether or not to do so, and at what level this levy might be, will be assessed on a case by case basis.

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

Name	Estimated Dilution Levy (%) applicable for purchases as at 30 September 2025	Estimated Dilution Levy (%) applicable for sales as at 30 September 2025	Number of days on which a Dilution Levy has been applied over the period 1 October 2024 to 30 September 2025
<b>The Diversification Fund ICVC</b>	0.035%	0.154%	0

#### 4.4.3 Buying Shares

Shares may be bought through intermediaries or direct from the ACD as agent. An intermediary who recommends Shares in the Company may be entitled to receive commission from the ACD.

The dealing office of the ACD is normally open from 9.00 a.m. to 5.00 p.m. (London time) on each Business Day to receive postal requests for the purchase, sale and switching of Shares. The ACD may vary these times at its discretion. Requests to deal in Shares may also be made by obtaining an application form by telephoning the ACD's Customer Enquiry Line on each Business Day (at the ACD's discretion) between 9.00 a.m. and 5.00 p.m. (London time) on 0333 300 0375, or such other number as published from time to time), or through the means of electronic communications (as set out in paragraph 4.3.5 below). The initial purchase must, at the discretion of the ACD, be accompanied by an application form.

In addition, the ACD may from time to time make arrangements to allow Shares to be bought or sold on-line or through other communication media, but the ACD has no current plans to do so.

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

An order for the purchase of Shares will only be accepted by the ACD once it is in receipt of cleared funds. Payment must be made by a cheque or a telegraphic transfer of monies for the total amount to be invested. Minimum investment amounts, which may be waived at the ACD's discretion, for each Class of the Company are given in Appendix A.

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

If you receive advice through an authorised Financial Adviser, you may qualify for cancellation rights. This means you can cancel your instruction at any time during the 14 days after you receive the cancellation notice. If you do not receive advice through an authorised Financial Adviser no rights of cancellation or withdrawal will subsist in this arrangement. If an investor decides to cancel the contract, and the value of their investment has fallen at the time the ACD receives their completed cancellation notice, the investor will not get a full refund; an amount equal to any fall in value will be deducted from the sum originally invested.

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

#### **4.4.4 Selling Shares**

Instructions for the sale of Shares may be given in writing or, at the ACD's discretion, by telephone to the Registrar's dealing department. The ACD will accept instructions to sell shares given by electronic communication as set out in paragraph 4.3.5 below. The ACD may act as agent. Subject to the COLL Sourcebook, the redemption proceeds of a sale of Shares will be paid by the close of business four working days after the later of the ACD receiving properly completed documentation or the Valuation point after the order was received. Redemption proceeds are normally payable only to one or more of the registered Shareholders. The ACD reserves the right, at all times, to require a form of renunciation to be completed. If this is necessary, it will be issued with the contract note. The ACD also reserves the right to send repurchase proceeds by cheque to the registered address.

Where requested redemptions exceed 10% of the Company's value at any Valuation point, redemptions may be deferred at a Valuation point to the next Valuation point. This will enable the ACD to match the sale of Scheme Property to the level of redemption, thereby reducing the impact of dilution.

At the next such Valuation point, all deals relating to an earlier Valuation point are completed before those relating to a later Valuation point are considered.

The minimum value of Shares which may be sold in each Class of the Company is given in Appendix A. Any Shares transferred directly to the Company, with the ACD acting as agent, will be cancelled.

#### **4.4.5 Electronic Communications**

- 4.4.5.1 The ACD will accept instructions to transfer or renunciation of title to Shares on the basis of an authority communicated by electronic means and sent by the Shareholder, or delivered on their behalf by a person that is authorised by the FCA or regulated or in another jurisdiction by an equivalent supervisory authority, subject to:
- (a) prior agreement between the ACD and the person making the communication as to:
    - (i) the electronic media by which such communications may be delivered; and
    - (ii) how such communications will be identified as conveying the necessary authority; and
  - (b) assurance from any person who may give such authority on behalf of the investor that they will have obtained the required appointment in writing from the Shareholder.

#### **4.4.6 Issue of Shares in Exchange for in Specie Assets**

The ACD may arrange for the Company to issue Shares in exchange for assets but will only do so where the Depositary has taken reasonable care to determine that the acquisition by 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, by the close of business on the fourth Business Day next after the issue of any Shares in exchange for assets as above, ensure transfer to the Depositary of the assets to be taken in exchange.

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

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

#### **4.4.7 In Specie Redemptions and Cancellations of Shares**

In specie redemptions and cancellation of Shares will be allowed:

- (a) In the case of holdings valued at less than 5% of the value of the Scheme Property of the Company, at the request of the Shareholder, and at the discretion of the ACD.
- (b) In the case of holdings valued at 5% or greater of the value of the Scheme Property of the Company, at the request of the Shareholder and at the discretion of the ACD, or if the ACD so demands by written notice to the Shareholder.

The ACD will give written notice to the Shareholder before the proceeds of the cancellation would otherwise become payable in cash that in lieu of such payment the Company will transfer Scheme Property of the Company (or, if required by the Shareholder, the net proceeds of such Scheme Property) to the Shareholder.

The Scheme Property to be transferred (or, if required by the Shareholder, the proceeds of sale of such Scheme Property) is subject to the retention by the Company of Scheme Property or cash of a value or amount equivalent to any stamp duty reserve tax or stamp duty to be paid in relation to the cancellation of Shares.

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

#### **4.4.8 Client Money Rules**

- 4.4.8.1 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 Company 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.
- 4.4.8.2 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.
- 4.4.8.3 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 and protected in line with the Client Money Rules. No interest is payable by the ACD on monies credited to this account.
- 4.4.8.4 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.
- 4.4.8.5 In certain circumstances, if the ACD has lost touch with an investor, the ACD will be permitted to pay the investor's client money balance to a registered charity after six years. The ACD will not do so until reasonable efforts have been made to contact the investor. The investor will still be entitled to recover this money from the ACD at a

later date irrespective of whether the ACD has paid the money to charity. This is subject to the rules in COLL, which require the ACD to transfer any distribution payment which remains unclaimed after a period of six years from the date of payment to the Company's capital property.

#### **4.4.9 Stamp Duty Reserve Tax (SDRT)**

4.4.9.1 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.

4.4.9.2 No SDRT charge arises on the issue or surrender 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 of the Company (rather than cash) which are not in proportion to the investor's share of the total assets held by the Company.

#### **4.4.10 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 Share and reminding Shareholders of their rights to redeem.

#### **4.4.11 Money Laundering**

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying Shares. Until satisfactory proof of identity is provided, the ACD reserves the right to refuse to sell Shares.

Please refer to paragraph 10.8 ('Electronic Verification') for details of the resources the ACD may access to verify information on you.

#### **4.4.12 Restrictions and Compulsory Transfer and Redemption**

The ACD may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares in the Company are acquired or held by any person in breach of the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory. In this connection, the ACD may, inter alia, reject in its discretion any application for the purchase or sale of Shares.

If it comes to the notice of the ACD that any Shares ("affected Shares") are owned directly or beneficially in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory or by virtue of which the Shareholder or Shareholders in question is/are not qualified to hold such Shares or if it reasonably believes this to be the case, the ACD may give notice to the holder(s) of the affected Shares requiring the transfer of such Shares to a person who is qualified or entitled to own them or that a request in writing be given for the repurchase of such Shares in accordance with the COLL Sourcebook. If any person upon whom such a notice is served does not within thirty days after the date of such notice transfer their affected Shares

to a person qualified to own them or establish to the satisfaction of the ACD (whose judgement is final and binding) that they or the beneficial owner is qualified and entitled to own the affected Shares, they shall be deemed upon the expiration of that thirty day period to have given a request in writing for the redemption of all the affected Shares pursuant to the COLL Sourcebook.

A person who becomes aware that they are holding or owns affected Shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which they are not qualified to hold such affected Shares, shall forthwith, unless they have already received a notice as aforesaid, either transfer all their affected Shares to a person qualified to own them or give a request in writing for the redemption of all their affected Shares pursuant to the COLL Sourcebook.

#### **4.4.13 Transfers**

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

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

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

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

The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA.

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

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

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

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

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

#### **4.4.15 Deferred Redemptions**

In times of high redemption, to protect the interests of continuing Shareholders the ACD may defer all redemptions at any Valuation point to the next Valuation point where requested redemptions exceed 10% of the Company's value. This will allow the ACD to match the sale of the Scheme Property to the level of redemptions, thereby reducing the impact of dilution on the Company. At the next such Valuation point all deals relating to the earlier Valuation point will be completed before those relating to a later Valuation point are considered.

#### **4.4.16 Market Timing**

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

For these purposes, market timing activities include investment techniques which involve short term trading in and out of Shares generally to take advantage of variation in the price of Shares between the Daily Valuation points of the Company. Short term trading of this nature may often be detrimental to long term shareholders, in particular the frequency of dealing may lead to additional dealing costs which can affect long term performance.

#### **4.4.17 Governing Law**

All deals in Shares are governed by English law.

### **5. Charges and Expenses**

All fees or expenses payable by a Shareholder or out of Scheme Property are set out in this section.

#### **5.1 The ACD's Preliminary Charge**

The ACD may make a preliminary charge on the sale of Shares. The level of the preliminary charge varies for different Classes, and is expressed as a percentage of the Net Asset Value of the Shares being acquired.

The current preliminary charges for each Class are given in Appendix A.

Any increase of the preliminary charge may be made by the ACD in accordance with the Regulations.

#### **5.2 The ACD's Redemption Charges**

The Instrument of Incorporation of the Company authorises the ACD to make a charge on the redemption of Shares. If the ACD makes a redemption charge it shall be an amount equal to the then current stamp duty or stamp duty reserve tax payable by the ACD on the cancellation of the relevant Shares. The current redemption charges for each Class are given in Appendix A.

Any change to the rate or method of calculation of a current redemption charge may be made by the ACD in accordance with the Regulations.

### 5.3 **Payments by the Company to the ACD**

- (a) An annual fee is paid by the Company out of the Scheme Property to the ACD and accrues and is reflected in the price of each Class daily. Payment to the ACD is monthly in arrears.

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 Scheme Property attributed to the Company or Class, as appropriate.

The current fee for Class B Shares is given in Appendix A.

On a winding-up of the Company or on the redemption of a Class the ACD is entitled to its pro rata fees and expenses to the date of termination and any additional expenses necessarily realised in settling or receiving any outstanding obligations. No compensation for loss of office is provided for in the Agreement with the ACD.

The current annual fee to the ACD for a Class may be increased in accordance with the Regulations.

- (b) The ACD is also entitled to be paid by the Company out of the Scheme Property all reasonable, properly vouched, out-of-pocket expenses incurred in the performance of its duties including stamp duty and SDRT on transactions in Shares (see Appendix A).
- (c) Where the investment objective of the Company is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the fees of the ACD may be charged against capital instead of against income in accordance with the Regulations. This will only be done with the approval of the Depositary. Currently, the ACD's fees are charged against income only. **If fees were charged against capital this may result in capital erosion or constrain capital growth** (see paragraph 5.7 for further details).

The ACD may not introduce a new category of remuneration for its services payable out of the Scheme Property unless the ACD obtains the approval of an extraordinary resolution of Shareholders of the Company or the relevant Class as appropriate, at an Extraordinary General Meeting.

### 5.4 **Depositary's Fee**

#### *Periodic fee*

The Depositary receives for its own account a periodic fee out of the Scheme Property which will accrue due 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 as soon as practicable after it has accrued (and in any event within seven days after the day on which it accrues due).

The fee is calculated by reference to the value of the Company on the last Business Day of the preceding month. The rate of the periodic fee is agreed between the ACD and the Depositary. The current fees payable are listed below. The rates can be varied from time to



time in accordance with the Regulations and subject to obtaining shareholder consent where required.

0.0275% p.a.	on the first £50 million in value of the property of the Company;
0.025% p.a.	on the next £50 million in value of the property of the Company;
0.020% p.a.	on the next £100 million in value of the property of the Company
0.015% p.a.	thereafter

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

#### *Transaction and custody charges*

The total remuneration payable to the Depositary out of the Scheme Property of the Company for its services also includes transaction and custody charges.

Transaction charges vary from country to country, dependent on the markets and the value of the stock involved and are subject to a charge. These charges are currently valued between £0 and £400 and accrues 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 again vary from country to country depending on the markets and currently vary between 0.00% and 0.70% of the value of the stock involved and accrue subject to a minimum aggregate custody charge of £7,500 per annum and are payable as agreed from time to time by the ACD and the Depositary.

Derivative transaction charges (where applicable) are £20 per derivative transaction.

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

## **5.5 Administrator and Registrar's Fee**

Administration fees are paid by the Company to the Administrator. The total level of administration fees for each Class (where applicable) are given in Appendix A.

Any fees charged by the Registrar will be paid by the ACD from its fee.

VAT will be added to the payments, where applicable.

## **5.6 Other Expenses Payable out of the Scheme Property**

Other expenses incurred by the Company may also be paid out of the Scheme Property, including (but not limited to):

- (a) Broker's commission (excluding costs for research), fiscal charges and any other disbursements which are necessarily incurred in effecting transactions for the Company. This will include expenses incurred in acquiring and disposing of investments including legal fees and expenses, whether or not the acquisition or disposal is carried out.
- (b) Any costs incurred in modifying the Instrument of Incorporation or the Prospectus.
- (c) Any costs incurred in respect of meetings of the Shareholders (including meetings of Shareholders in any particular Class).
- (d) Interest on borrowings permitted under the Instrument of Incorporation or the Prospectus and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings.
- (e) Taxation and duties payable in respect of the Scheme Property, the Instrument of Incorporation, the Prospectus or the creation and issue of Shares.
- (f) Any stamp duty and stamp duty reserve tax to the extent that the Company is liable for any such charge and is not reimbursed by any third party.
- (g) The fees of the Auditors and the tax, legal and other professional advisers to the Company and to the ACD and the Depositary properly payable and any proper expenses of the Auditors, tax, legal and other professional advisers to the Company and to the ACD and the Depositary.
- (h) The fees of the FCA under the Act, or any corresponding periodic fees of any regulatory authority in a country or territory outside the United Kingdom in which Shares are or may be marketed.
- (i) Any expenses properly incurred by the Depositary in performing duties imposed upon it (or exercising powers conferred on it) by the Regulations. The relevant duties include the delivery of stock to the Depositary or the Custodian, the custody of assets, the collection of income, the submission of tax returns, the handling of tax claims, the preparation of the Depositary's annual report and any other duties the Depositary is required to perform by law.
- (j) Fees in respect of the publication and circulation of details of the prices and yields of Shares, and other such information which the ACD is required by law to publish.

- (k) The costs of printing and distributing reports, accounts and the Prospectus, (apart from the costs and expenses of distributing any key investor information documents) and any costs incurred as a result of periodic updates of the Prospectus and any other administrative expenses.
- (l) Any reasonable general disbursements relating to postage and communication costs incurred in the proper performance of the transfer agent's duties relating to the Company, which are currently carried on by the Registrar.
- (m) Any fees or costs associated with any CASS related support activity incurred by the Registrar.
- (n) Insurance which the Company may purchase and/or maintain for the benefit of and against any liability incurred by any directors of the Company in the performance of their duties.
- (o) Liabilities under a scheme of arrangement arising where the property of a body corporate or another collective investment scheme is transferred to the Depositary in consideration for the issue of Shares to the shareholders in that body or to participants in that other scheme, provided that any liability arising after the transfer could have been paid out of that other property had it arisen before the transfer and, in the absence of any express provision in the Instrument of Incorporation forbidding such payment, the ACD is of the opinion that proper provision was made for meeting such liabilities as were known or could reasonably have been anticipated at the time of transfer.
- (p) It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in future, the fees connected with the listing will be payable by the Company.

VAT will be added to these payments, where applicable.

## 5.7 **Allocation of Payments**

The ACD and Depositary have agreed that all, or part, of expense payments be treated as income (except those charges and expenses relating directly to the purchase and sale of investments). If there is insufficient income to meet the fees then all, or part, of those fees may be treated (at the ACD's request) as a charge against the capital of the Company.

**It should be noted that this policy may result in capital erosion or constrain capital growth.**

## 6. **Determination & Distribution of Income**

The accounting reference date of the Company is 31 July and the half yearly accounting date is 31 January. The annual and interim (if any) income allocation dates for the Company are set out in Appendix A. Allocations of income are made in respect of the income available for allocation in each distribution period.

Income is paid by direct credit to each Shareholder's bank or building society account when the distribution is paid. Please note that payment of distribution by cheque is not available. If income is reinvested, Shares will be purchased at the relevant price calculated at the next Valuation point following the Company's distribution date.

The amount available for distribution in any distribution period is calculated by taking the proportion of the aggregate of the income received or receivable for the account of the Company in respect of that period attributable to the relevant Class and deducting the

charges and expenses of the relevant Class paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustment as it considers appropriate (and after consulting with the Auditors as appropriate) in relation to taxation, income equalisation, income unlikely to be received within twelve months following the relevant income allocation date, income which should not be accounted for on an accrual basis because of lack of information as to how it accrues, transfers between the income and capital account, the ACD's best estimate of the tax reliefs on charges and expenses and any other adjustments which the ACD considers appropriate.

Income earned in an interim accounting period may not be distributed immediately but retained and used to ensure that distributions paid throughout the year are broadly similar.

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

The Company will operate grouping for equalisation. Each Class will operate its own equalisation account. Shares purchased during a distribution period are called Group 2 Shares. Shares purchased during any previous distribution period are called Group 1 Shares. Group 2 Shares contain in their purchase price an amount called equalisation which represents a proportion of the net income of the Company that has accrued up to the date of purchase. The amount of equalisation is averaged across all the Shareholders of Group 2 Shares and is refunded to them as part of their first distribution and is treated as a return of capital for tax purposes. Being capital it is not liable to income tax but must be deducted from the cost of Shares for capital gains tax purposes.

## **Annual Reports**

Annual reports of the Company (in long form) will be published within four months of the end of the annual accounting period which ends on 31 July.

The half yearly accounting period ends on 31 January and half yearly reports in long form will be made up to such date each year and published within two months. The accounts contained in the annual and half yearly reports will be prepared in accordance with COLL and the Statement of Recommended Practice for Financial Statements of Authorised Funds.

A copy of the long form report and accounts will be available to any person (free of charge) on request.

## **7. Meetings and Voting Rights**

### **7.1 For the purposes of this paragraph 7:**

- 7.1.1 a "physical meeting" is a general meeting convened at a physical location where Shareholders, or their proxy, must be physically present;
- 7.1.2 a "hybrid meeting" is a general meeting which allows Shareholders, or their proxy, to be physically present at the location where the meeting is convened, or to attend and vote remotely; and
- 7.1.3 a "virtual meeting" is a general meeting where all Shareholders, or their proxy, attend and vote remotely.

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

- 7.3 The Company does not propose to hold annual general meetings. Resolutions will be voted upon at extraordinary general meetings.
- 7.4 The ACD and the Depositary may convene a general meeting of the Company at any time in accordance with the FCA Rules. The ACD may hold a virtual meeting or a hybrid meeting as this is not inconsistent with any provisions in the Instrument of Incorporation.
- 7.5 Shareholders may request the convening of a general meeting by a requisition which must:
- 7.5.1 state the objective of the meeting;
  - 7.5.2 be dated;
  - 7.5.3 be signed by Shareholders who, at that date, are registered as the Shareholders of Shares representing not less than one-tenth in value of all of the Shares then in issue; and
  - 7.5.4 be deposited at the head office of the Company or with the Depositary.
- 7.6 Any Shareholder who participates remotely in a hybrid meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights as a Shareholder who is physically present at the meeting.
- 7.7 Any Shareholder who participates in a virtual meeting by the means specified in the notice is deemed to be present at the meeting and has the same rights that the Shareholder would have at a physical meeting.
- 7.8 Any Shareholder who participates remotely may do so without having to appoint a proxy and is not required to submit their vote on a resolution in advance of the meeting.
- 7.9 A meeting of Shareholders, duly convened and held shall be competent by extraordinary resolution to require, authorise or approve any act, matter or document in respect of which any such resolution is required or expressly contemplated by the relevant regulations.
- 7.10 An extraordinary resolution is a resolution passed by a majority of not less than three-quarters of the votes validly cast (whether on a show of hands or on a poll) for the resolution at a general meeting, or, as the case may be, a Class meeting of Shareholders.
- 7.11 Except where an extraordinary resolution is specifically required or permitted, any resolution of Shareholders is passed by a simple majority of the votes validly cast.
- 7.12 A meeting of Shareholders has no powers other than those contemplated by the FCA Rules.
- 7.13 Where a meeting of Shareholders is convened by the ACD or the Depositary, Shareholders must receive at least 14 days' written notice (inclusive of the date on which the notice is first served and the day of the meeting) and the notice shall specify:
- 7.13.1 whether the meeting is to be a physical meeting, a hybrid meeting or a virtual meeting;
  - 7.13.2 if the meeting is a physical meeting or a hybrid meeting, the place of the meeting;
  - 7.13.3 if the meeting is a hybrid meeting or a virtual meeting, the means by which a Shareholder may participate, including any requirements for Shareholders to register before the meeting begins or to provide proof of their right to attend, and an explanation of how participating Shareholders may vote in a show of hands or in a poll, if they do not appoint a proxy;

- 7.13.4 the day and hour of the meeting;
- 7.13.5 the terms of the resolutions to be proposed; and
- 7.13.6 the address of the website where the minutes of the meeting will subsequently be published.
- 7.14 Where the notice is served by the ACD a copy shall be sent to the Depositary.
- 7.15 The accidental omission to give notice to, or the non-receipt of notice by any Shareholder will not invalidate the proceedings at any meeting.
- 7.16 Notice of an adjourned meeting of Shareholders must be given to each Shareholder, stating that while two Shareholders are required to be present, in person, by proxy or remotely, to constitute a quorum at the adjourned meeting, this may be reduced to one in accordance with COLL 4.4.6R(3), should two such Shareholders not be present after a reasonable time of convening of the meeting.
- 7.17 Where the meeting is a hybrid meeting or a virtual meeting, the ACD shall take reasonable care to ensure that the necessary supporting technology to enable Shareholders to attend and vote is in place at the start of the meeting and operates adequately throughout its proceedings, so that Shareholders who attend or vote remotely are not unfairly disadvantaged.
- 7.18 The quorum at a meeting of Shareholders shall be two Shareholders present in person, by proxy or (where applicable) remotely using the means specified in the notice. If, after a reasonable time after the start of the meeting, a quorum is not present, the meeting:
  - 7.18.1 if convened on the requisition of Shareholders, must be dissolved.
  - 7.18.2 in any other case, must stand adjourned to:
    - 7.18.2.1 a day and time which is seven or more days after the day and time of the meeting;
    - 7.18.2.2 in the case of a physical meeting or a hybrid meeting, a place to be appointed by the chair; and
  - 7.18.3 if, at an adjourned meeting under paragraph 7.18.2 above, 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.
- 7.19 The chair of a meeting which permits Shareholders to attend and vote remotely shall take reasonable care to give such Shareholders:
  - 7.19.1 an adequate opportunity to be counted as present in the quorum; and
  - 7.19.2 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.
- 7.20 In the case of an equality of votes cast, the chair is entitled to a casting vote.
- 7.21 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.

- 7.22 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:
- 7.22.1 The chairman of the meeting; or
  - 7.22.2 Not less than two shareholders.
- 7.23 On a poll, votes may be given either personally or by proxy or in another manner permitted by the Instrument of Incorporation. 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.
- 7.24 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.
- 7.25 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.
- 7.26 To be included in the quorum and entitled to vote at the meeting, "Shareholders" means the persons entered on the Register at a time determined by the ACD and stated in the notice of the meeting, which must not be more than 48 hours before the time fixed for the meeting.
- 7.27 The ACD is not entitled to vote at or be counted in a quorum at a meeting of Shareholders in respect of Shares held or deemed to be held by the ACD, except where the ACD holds Shares on behalf of, or jointly with, a person who, if themselves the sole registered Shareholder would be entitled to vote, and from whom the ACD has received voting instructions. Associates of the ACD are entitled to be counted in a quorum and, if they hold Shares on behalf of a person who would have been entitled to vote if they had been a registered Shareholder and they have received voting instructions from that person, may vote in respect of such Shares pursuant to such instructions.
- 7.28 The ACD will publish the minutes on a website accessible to the general public without charge, no later than five 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 five Business Days after the adjourned meeting has taken place).
- 7.29 Any notice or document to be served upon a Shareholder will be duly served if it is:
- 7.29.1 delivered to the Shareholder's address as appearing in the Register; or
  - 7.29.2 sent using an electronic medium in accordance with paragraph 4.4.5 above.
- 7.30 Any notice or document served by post is deemed to have been served on the second Business Day following the day on which it was posted.
- 7.31 Any document left at a registered address or delivered other than by post is deemed to have been served on that day.
- 7.32 Any notice or document served by post on one joint Shareholder is deemed to also have been served on each other joint Shareholder whose address, as appearing on the Register, is the same address to which the notice or document was sent.

- 7.33 Any document or notice to be served on, or information to be given to a Shareholder, must be in legible form. For this purpose, any form is a legible form if it:
- 7.33.1 is consistent with the ACD's knowledge of how the recipient of the document wishes or expects to receive the document;
  - 7.33.2 is capable of being provided in hard copy by the ACD;
  - 7.33.3 enables the recipient to know or record the time of receipt; and
  - 7.33.4 is reasonable in the context.
- 7.34 Changes to the Company are classified as fundamental, significant or notifiable.
- 7.35 The ACD must obtain the prior approval of Shareholders by extraordinary resolution for any proposed change to the Company which constitutes a "fundamental change". This is a change or event which:
- 7.35.1 changes the purpose or nature of the Company;
  - 7.35.2 may materially prejudice a Shareholder;
  - 7.35.3 alters the risk profile of the Company; or
  - 7.35.4 introduces a new type of payment out of the Scheme Property.
- 7.36 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:
- 7.36.1 affects a Shareholder's ability to exercise their rights in relation to their investment;
  - 7.36.2 would reasonably be expected to cause the Shareholder to reconsider their participation in the Company;
  - 7.36.3 results in any increased payments out of the Scheme Property to the ACD, or an associate of the ACD; or
  - 7.36.4 materially increases other types of payment out of the Scheme Property.
- The notice period must be a reasonable length and must not be less than 60 days.
- 7.37 The ACD must inform Shareholders in an appropriate manner and timescale of any notifiable changes that are reasonably likely to affect, or have affected, the operation of the Company. This is a change or event, other than a fundamental or significant change, which a Shareholder must be made aware of unless the ACD concludes the change is insignificant. The appropriate manner and timescale of notification will depend on the nature of the change or event. An appropriate manner of notification could include the information being included in the next report of the Company.

## **8. Winding up of the Company**

The Company will not be wound up except as an unregistered company under Part V of the Insolvency Act 1986 or under Chapter 7.3 of the COLL Sourcebook. The Company may only be wound up under the COLL Sourcebook.



The Company may also be wound up in connection with a scheme of arrangement which entitles Shareholders to receive Shares in another regulated collective investment scheme in exchange for their Shares.

The Company must not be wound up under chapter 7.3 of COLL unless (a) effect has been given, under regulation 21 of the OEIC Regulations, to proposals to wind up the affairs of the Company and a statement has been prepared, and delivered to, the FCA under COLL 7.3.5 R ("**solvency statement**") prior to satisfaction of the condition in (a).

Subject to the above the Company may be wound up under the COLL Sourcebook:

- (a) if an extraordinary resolution to that effect is passed by Shareholders; or
- (b) 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 its prescribed minimum or if a change in the laws or regulations of any country means that, in the ACD's opinion, it is desirable to terminate the Company); or
- (c) 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
- (d) on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property; or
- (e) in the case of a company that is an umbrella, on the date on which all of its sub-funds under an approved scheme of arrangement or if all of its sub-funds cease to hold any scheme property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular sub-fund.

On the occurrence of any of the above:

- (a) COLL 5 (Investment and borrowing powers) and COLL 6 (single pricing and dealing) will cease to apply to the Company;
- (b) 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;
- (c) 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;
- (d) the Company shall cease to carry on its business except in so far as it is beneficial for the winding up of the Company;
- (e) the corporate status and powers of the Company and subject to (a) to (d) above, the powers of the ACD shall continue until the Company is dissolved.

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, provided that there are sufficient liquid funds available, 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 property of the Company. 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 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 ACD shall notify the FCA that the winding up has been completed.

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

Following the completion of a winding up of the Company, the ACD must prepare a final account showing how the winding up took place and how the 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.

## 9. **Taxation**

**The following summary is based on current UK law and HM Revenue & Customs practice. It summarises the UK tax position of 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**'.

#### **(i) 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. The rate of corporation tax applicable to the Company is equal to 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 interest 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.

**(ii) 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.

**(iii) 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 or surrender 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.

**9.1 Taxation of the Shareholders**

**(i) 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) the Company will make an interest distribution. Where this is not the case, distributions made by the Company will be dividend distributions.

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

**(a) 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 rate (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'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.

#### **(b) Dividend distributions**

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

#### UK resident individuals

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

#### UK corporate Shareholders

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

#### **(ii) Chargeable gains**

#### UK resident individuals

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

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

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

#### UK corporate Shareholders

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

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

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

The price of a Share of a particular Class is based on the value of that Class' entitlement in the 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 Class issued during the period.

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

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

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

The ACD may, in the future, seek to elect the Company into the TEF regime if it considers that it would be advantageous for the majority of investors in the Company to do so. If the 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' holdings in Shares to HMRC. HMRC may in turn share this information with overseas tax authorities. Such tasks may be delegated to the Administrator.

**Shareholders should note that:**

- (a) they may be asked to provide additional information (including information regarding their tax residence) to the ACD or the Administrator to enable the Company to satisfy these obligations;**
- (b) the ACD or Administrator may report these details, along with information about a Shareholders' holding, to HMRC; and**
- (c) HMRC may subsequently exchange this information with other governments or tax authorities in other jurisdictions.**

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

## **10. General Information**

### **10.1 Documents of the Company**

Copies of the Prospectus, the Instrument of Incorporation (as amended), and the most recent annual and half-yearly reports and the material contracts referred to below are kept, and may be inspected, during normal office hours (at the address set out in Appendix F). Copies may be obtained free of charge on application.

Shareholders may obtain copies of the above documents from the ACD. The ACD may make a charge at its discretion for copies of the material contracts referred to below.

### **10.2 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 an investor asks the ACD to send a recording of a particular call the ACD may ask for further information to help identify the exact call which the request relates to.

### **10.3 Complaints**

If you wish to make a complaint about the operation of the Company you should contact the ACD at Exchange Building, St John's Street, Chichester, West Sussex PO19 1UP.

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

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

### **10.4 Material Contracts**

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

- (a) the ACD Agreement, dated 1 August 2011, between the Company and the ACD; and
- (b) the Depositary Agreement, dated 11 July 2011 between the ACD, the Company and novated in favour of the Depositary with effect from 07 November 2011.

Details of the above contracts are given under the heading “The Service Providers” in part 2.

## 10.5 **Changes to the Company**

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

## 10.6 **Data Protection**

The personal details of each applicant for Shares and each Shareholder will be held by the ACD and/or the Administrator as its agent in accordance with Data Protection Laws for the purposes of carrying out the ACD’s agreement with each Shareholder. This may include the transfer of such data to other members of the ACD’s group and to other businesses providing services to the ACD (including their offices outside the UK), where the transfer is necessary for the provision of services in relation to the ACD’s role as operator of the Company. The data protection laws and other laws of these countries may not be as comprehensive as those that apply within the UK. In these instances, the ACD will take steps to ensure that your privacy rights are respected.

Shareholders have the right to access their personal data processed by the ACD together with (in certain circumstances) the right to object to the processing of such data for legitimate reasons. A copy of the ACD’s Privacy Notice relating to investors is available at [www.tutman.co.uk](http://www.tutman.co.uk) or on request from [compliance@tutman.co.uk](mailto:compliance@tutman.co.uk).

## 10.7 **Electronic Verification**

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

## 10.8 **Summary of the ACD's Haircut Policy**

The ACD may have to provide or receive collateral in entering into certain derivative transactions for the Company. In doing so, the ACD may apply a haircut to that collateral. A "haircut" is a percentage that is subtracted from the market value of an asset that is being used as collateral.

The ACD will judge, on a case-by-case basis, the extent and type of collateral to use when negotiating with counterparties and clearing houses and the haircut policy which it will apply. Where cash is received as collateral it will not be invested in anything other than cash or short-term deposit accounts.

Cash and specific types of collateral will be deemed to be permitted, at the ACD's discretion, for the purposes of the Company's collateral policy.

## 11. **Risk Warnings**

Potential investors should be aware of the following risk factors before investing in the Company.

### 11.1 **General**

The investments of the Company are subject to normal market fluctuations and other risks inherent in investing in securities. There can be no assurance that any appreciation in value of investments will occur. The value of investments and the income derived from them may fall as well as rise and investors may not recoup the original amount invested in the Company. There is no assurance that the investment objective of the Company will actually be achieved.

### 11.2 **Effect of Preliminary Charge and Redemption Charge**

Where a preliminary charge and/or a 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. Therefore, the Shares should be viewed as a medium to long term investment.

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

Investors are reminded that in certain circumstances their right to redeem Shares may be suspended (see "Suspension of Dealings in the Company" in paragraph 4.3.14).

### 11.4 **Liquidity**

The Company's assets consist mainly of readily realisable securities. The main liability of the Company is the redemption of any Shares that investors wish to sell. Assets of the Company may need to be sold if insufficient cash is available to finance such redemptions.

### 11.5 **Currency Exposure**

Exchange rate changes may cause the value of underlying overseas investments to go down as well as up.

Foreign currency risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in foreign currency exchange rates. The ACD may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the sterling value of investments that are priced in other currencies. Income received in other currencies is converted to the British Pound on the date of the transaction.



## 11.6 **Emerging Markets**

Where the Company invests in emerging markets these investments may carry risks associated with failed or delayed settlement or market transactions and with the registration and custody of securities.

Investments in emerging markets may involve a higher than average risk. Investors should consider whether or not investment in the Company is therefore either suitable for or should constitute a substantial part of an investor's portfolio.

Companies in emerging markets may not be subject:

- (a) to accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those applicable to companies in major markets;
- (b) to the same level of government supervision and regulation of stock exchanges as countries with more advanced securities markets.

Accordingly, certain emerging markets may not afford the same level of investor protection as would apply in more developed jurisdictions.

Restrictions on foreign investment in emerging markets may preclude investment in certain securities by the Company and, as a result, limit investment opportunities. Substantial government involvement in, and influence on, the economy may affect the value of securities in certain emerging markets.

The reliability of trading and settlement systems in some emerging markets may not be equal to that available in more developed markets, which may result in delays in realising investments.

Lack of liquidity and efficiency in certain of the stock markets or foreign exchange markets in certain emerging markets may mean that from time to time the ACD may experience more difficulty in purchasing or selling holdings of securities than it would in a more developed market.

## 11.7 **Market Price**

Market price risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments each Fund holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements. The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

## 11.8 **Interest Rate**

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates. The income on each Fund may be affected by changes to interest rates relevant to particular securities or as a result of the ACD being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of

such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

#### 11.9 **Credit**

Where the Company invests in non-investment grade bonds an increased risk to the capital will arise.

The Company can be exposed to credit risk arising from the possibility that another party fails to fulfil its obligations. The Company runs a very low credit risk as all its transactions are settled as cash against delivery.

#### 11.10 **Liabilities of the Company**

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

#### 11.11 **Taxation**

Tax regulations and concessions are not guaranteed and can change at any time; their value to a Shareholder will depend on their circumstances.

#### 11.12 **Derivatives**

**Derivative transactions are used in the Company solely for the purposes of Efficient Portfolio Management and are not intended to increase the risk profile of the Company.**

#### 11.13 **Legal and Regulatory Risks**

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

#### 11.14 **Exchange-Traded Funds**

Exchange Traded Funds (or ETFs) are usually open-ended collective investment schemes, the units of which track an index, a commodity or a basket of assets like an index, but are traded like a stock on regulated markets and investment exchanges.

An investment by the Company in ETFs generally presents the same primary risks as an investment in a collective investment fund. The Company investing in ETFs are exposed not only to movements in the value of the underlying asset but also to the risk that the issuer or counterparty gets into financial problems. In addition, an ETF may be subject to the following risks:

- a) a discount of the ETF's shares to its net asset value;
- b) failure to develop an active or liquid trading market for the ETF's shares. The lack of a liquid secondary market, in particular, may make it very difficult for the Company to sell the ETFs it holds and there can be no guarantee that a secondary trading market will develop;
- c) the listing / relevant exchange halting trading of the ETF's shares;

- d) failure of the ETF's shares to track the quoted reference index;
- e) the re-weighting of and
- f) the holding of troubled or illiquid securities in the quoted reference index.

Certain of the ETFs in which the Company may invest are leveraged and this can cause their prices to be more volatile and their value to fall below the value of the underlying asset. The more the Company invests in leveraged ETFs, the more this leverage will increase any losses on those investments.

ETFs may involve duplication of management fees and certain other expenses, as the Company indirectly bears their proportionate share of any expenses paid by the ETFs in which it invests and whilst most ETFs quote an on-going charge figure or a total expense ratio, swap-based ETFs and currency hedged ETFs may have additional costs which are not included in these figures.

#### 11.15 **Exchange Traded Notes**

Exchange Traded Notes (or ETNs) are a type of unsecured, unsubordinated debt security, the returns of which are based on the performance of a market index minus applicable fees, combining both the aspects of bonds and exchange traded funds and traded on a major exchange(s).

ETNs are subject to credit risk, including the credit risk of the issuer, and the value of the ETN may drop due to a downgrade in the issuer's credit rating, despite the underlying market benchmark of strategy remaining unchanged. The general credit market environment can also affect the creditworthiness of the issuer, causing the value of the ETN to fluctuate significantly. Changes in interest rate conditions can also affect the value of the ETN. Generally, if interest rates fall, the value of these investments rises. Conversely, if interest rates rise, their value falls.

The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in tracked assets, and economic, legal, political, or geographic events that affect the underlying asset that is tracked (or referenced) in the ETN.

Although most ETNs will quote an annual management charge ratio, this may not include all of the costs involved in running the investment and they do not always quote a total expense ratio figure.

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

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

### 11.17 **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.

### 11.18 **Infectious Diseases**

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

## 12. **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.

## 13. **Risk Management**

13.1 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 Company's positions and their contribution to the overall risk profile of the Company.

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

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

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

13.3 The ACD must assess, monitor and periodically review:

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

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

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

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

14. **Non-accountability for profits**

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

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

## Appendix A: Company Details

**ISIN:** GB0031645491

**SEDOL:** 3164549.0

**Investment objective and policy:** The Company aims to provide a total return (with a combination of income and growth of capital), net of fees, over 5 year rolling periods.

There is no guarantee that a return will be achieved over a 5 year period, or any other period and capital is at risk.

To achieve the objective, the Company will have exposure to a geographically diversified portfolio which will typically comprise at least 60% equities, and up to 40% in fixed income assets (which may include government and public securities), other alternative asset classes and cash. The composition of the Scheme Property as between equities and other asset classes, will vary over time within the above parameters, in response to the Investment Advisers' views of the economic and market environment. In addition, the exposure to equities may fall below 60% during difficult markets which means that the Company has discretion to invest in the assets outlined above with no specified geographic focus, target sector or market, or asset allocation.

The assets in which the Company may also invest (directly or indirectly) will be other transferable securities, including warrants and money market instruments. Alternative assets (i.e. gold, commodities and property) may also be held but only indirectly via permitted investments such as collective investment vehicles.

The above exposure may be gained directly or through the use of collective investment vehicles, including investment trusts, which may include collective investment vehicles managed by the ACD or its associates or the Investment Advisers or their associates. Typically, more than 50% of the above exposure will be gained through the use of collective investment vehicles. The allocation to collective investment vehicles will vary depending on markets and to take advantage of geographical expertise available via funds. All other exposure will be attained from direct investments.

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

The investment policy of the Company may mean that at times, where it is considered appropriate, the Scheme Property will not be fully invested and that prudent levels of liquidity will be maintained in order to reduce risk and preserve capital. The Company will hold cash and cash equivalents to maintain liquidity.

The ACD has appointed multiple Investment Advisers with different investment styles to achieve the Company's investment objective. Allocations to the Investment Advisers are subject to change in order to meet the Company's investment objective and further details regarding the allocations are available upon request from the ACD.

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

**Performance Comparator:**

The Company uses the ARC US Dollar Steady Growth PCI peer group for performance comparison purposes only. This peer group is not a target benchmark and the Company is not constrained by it. The peer group has been selected as a comparator for performance because the parameters for this peer group are closely aligned with the policy of the Company.

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

**Annual accounting reference date:** 31 July

**Interim accounting reference date(s):** 31 January

**Income allocation date(s):** 31 October, 31 March

**Share Class:** Class B 2002

Additional characteristics of Class B are as follows. A new Class of B Shares may be created upon receipt of a subscription request in any year, on or after 6th April. Each Class of B Shares will be identified by the year of its commencement starting 6th April. When a new Class of B Shares is created it shall have in all respects other than its duration, the same characteristics as the preceding Class of B Shares.

**Type of Shares:** Income

**Preliminary charge:** Current: 3%

**Redemption charge:** Current: 0%

<b>Annual fee of ACD:</b>	Current:	0.6625% p.a.
<b>Administration fees:</b>	Current:	0.1% per annum *
<b>Charge for investment research</b>	Not applicable	
<b>Investment minima:</b>	Lump sum	£100,000
	Holding	£50,000
	Top-up	£10,000
	Redemptions	£10,000
<b>Valuation Point:</b>	12 noon on each Dealing Day	
<b>Dealing cut off point:</b>	12 noon on each Dealing Day	
<b>Dealing Days:</b>	Tuesday (or the following working day, unless the ACD otherwise decides, if a bank holiday in England and Wales falls on a Tuesday), the last working day of each month and other days at the ACD's discretion.	
<b>Investor Profile:</b>	The Company is marketable to all retail investors.	
<b>Historic Performance:</b>	See Appendix E.	

\* This is a maximum figure. If the actual administration expenses are below the stated maximum percentage, only the actual expenses will be charged.



## Appendix B: Eligible Securities and Derivatives Markets

Investments may be made on each of the Eligible Securities and Derivatives Markets in order to fulfil the investment objective stated in Appendix A.

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

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

### Eligible Securities Markets

Market	
Australia	ASX Group The Australian Securities Exchange Limited
Brazil	BM&FBOVESPA
Canada	TMX Group Montreal Exchange
Canada	the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada
Canada	Toronto Stock Exchange TSX Venture Exchange Montreal Exchange
Chile	Santiago Stock Exchange
China	Shanghai Stock Exchange
China	Shenzhen Stock Exchange
Croatia	Zagreb Stock Exchange
EEA	All EEA members Stock Exchanges
Hong Kong	Hong Kong Stock Exchange and Clearing Ltd
	ICMA
India	Bombay Stock Exchange (BSE)
India	National Stock Exchange of India

Indonesia	Indonesia Stock Exchange IDX
Israel	Tel Aviv SE (TASE)
Japan	JASDAQ - Neo Board
Japan	Nagoya Stock Exchange
Japan	NSE Centrex
Japan	Osaka – Hercules Standard
Japan	Osaka Securities Exchange
Japan	JASDAQ Securities Exchange
Japan	Tokyo Stock Exchange
Japan	TSE Mothers
Jordan	Amman Stock Exchange
Korea	Korea Composite Stock Price Index
Kuwait	Kuwait Stock Exchange
Malaysia	Bursa Malaysia Securities Bursa Malaysia
Mexico	The Mexican Stock Exchange
Morocco	Casablanca Stock Exchange
New Zealand	New Zealand Stock Exchange
Oman	Muscat Securities Market
Pakistan	Karachi Stock Exchange (KSE)  (deemed eligible on the basis that ACD must enter brokers agreements to ensure simultaneous settlement as settlement between broker-custodian transactions is on a non-DVP basis, unless subject to the mutual agreement between counterparties at the time of the trade execution.)
Peru	Lima Stock Exchange
Philippines	Philippine Stock Exchange
Qatar	Doha Securities Market  (deemed eligible on the basis that ACD must enter brokers agreements to ensure simultaneous settlement as settlement between broker-custodian transactions is on a non-DVP basis, unless subject to the mutual agreement between counterparties at the time of the trade execution.)
Singapore	Catalist (the second tier on the Singapore Stock Exchange)
Singapore	Singapore Exchange (SGX)
South Africa	JSE Limited
Switzerland	SIX Swiss Exchange (AG)
Taiwan	Gre Tai Securities Market
Taiwan	Taiwan Stock Exchange
Thailand	Stock Exchange of Thailand (SET)

Turkey	Istanbul Stock Exchange
United Arab Emirates	Abu Dhabi Securities Exchange
United Arab Emirates	NASDAQ Dubai (deemed eligible on the basis that ACD <u>must</u> enter brokers agreements to ensure simultaneous settlement as, although there is a Guaranteed Fund, the custodian commented the there is no formal buy-in procedure in place due to low trading volumes.)
USA	NASDAQ (and PORTAL)
USA	NYSE Euronext (NYX)
USA	the OTC market in the US government securities conducted by primary dealers selected by the Federal Reserve Bank of New York
USA	NYSE Arca Equities
USA	The OTC Bulletin Board operated by NASD
USA	NASDAQ OMX PHLX
	The International Securities Exchange (ISE)

### Eligible Derivatives Markets

Market
Austria – Vienna Stock Exchange
Australia <ul style="list-style-type: none"> <li>- ASX Group</li> <li>- The Australian Securities Exchange Limited</li> </ul>
Belgium - Euronext Brussels
Brazil - BM&FBOVESPA
Canada <ul style="list-style-type: none"> <li>- TMX Group</li> <li>- Montreal Exchange</li> </ul>
Denmark - NASDAQ OMX Copenhagen AS
Europe - Eurex
EEA - Wiener Borse - Vienna Stock Exchange
EEA – Euronext Brussels
EEA - NASDAQ OMX Copenhagen AS
EEA - Eurex - Germany
EEA – Athens Derivatives Exchange
EEA – IDEM
EEA - Euronext Amsterdam
EEA – Euronext Lisbon
EEA - Euronext LIFFE

EEA - Euronext Paris
EEA - NASDAQ OMX (Helsinki)
EEA - Irish Stock Exchange
EEA - BME Spanish Exchanges
EEA - NASDAQ OMX Stockholm
Finland - NASDAQ OMX Helsinki
France - Euronext Paris
Hong Kong - Hong Kong Stock Exchange and Clearing Ltd
Hong Kong - Hong Kong Exchange
India - Bombay Stock Exchange (BSE)
India - National Stock Exchange of India
Italy - Futures Market for Government Securities (MIF)
Ireland - Irish Stock Exchange
Japan - Osaka Securities Exchange
Japan - Tokyo Stock Exchange
Japan - Tokyo Financial Exchange Inc.
Korea - Korea Composite Stock Price Index
Malaysia - Bursa Malaysia Securities - Bursa Malaysia
Mexico - Mexican Derivatives Exchange
Netherlands - Euronext Amsterdam
New Zealand - New Zealand Futures & Options Exchange
Peru - Lima Stock Exchange
Singapore - Singapore Exchange (SGX)
South Africa - JSE Limited
South Africa - JSE Securities Exchange
South Africa - South African Futures Exchange (SAFEX)
Spain - BME - Spanish Exchanges
Switzerland - EUREX (Zurich)
Taiwan - Taiwan Futures Exchange

UK - Euronext - LIFFE - OMLX - NASDAQ OMX London
USA - Chicago Board of Options Exchange
USA - Chicago Mercantile Exchange
USA - CME Group Inc.
USA - NASDAQ OMX Futures Exchange
USA - New York Futures Exchange - New York Mercantile Exchange (NYMEX) - Kansas City Board of Trade
USA - ICE
USA - NYSE Euronext (NYX)
USA - NYSE Arca Equities
USA - NASDAQ OMX PHLX
The International Securities Exchange (ISE)

## Appendix C: List of Sub-Custodians

As appropriate in line with the Eligible Markets (Appendix B)

1. Jurisdiction	2. Subcustodian	3. Sub-custodian Delegate
<b>Argentina</b>	<b>Citibank N.A., Buenos Aires Branch</b>	
<b>Australia</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank Australia Limited</b>
<b>Austria</b>	<b>UniCredit Bank Austria AG</b>	
<b>Bahrain</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank Middle East Limited</b>
<b>Bangladesh</b>	<b>Standard Chartered Bank</b>	
<b>Belgium</b>	<b>The Northern Trust Company</b>	
<b>Bosnia and Herzegovina (Federation of Bosnia-Herzegovina)</b>	<b>Raiffeisen Bank International AG</b>	<b>Raiffeisen Bank Bosnia DD BiH</b>
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	<b>Raiffeisen Bank International AG</b>	<b>Raiffeisen Bank Bosnia DD BiH</b>
<b>Botswana</b>	<b>Standard Chartered Bank Botswana Limited</b>	
<b>Brazil</b>	<b>Citibank N.A., Brazilian Branch</b>	<b>Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")</b>
<b>Bulgaria</b>	<b>Citibank Europe plc, Bulgaria Branch</b>	

<b>Canada</b>	<b>Royal Bank of Canada</b>	
<b>Chile</b>	<b>Citibank N.A.</b>	<b>Banco de Chile</b>
<b>China A Share</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank (China) Company Limited</b>
<b>China B Share</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank (China) Company Limited</b>
<b>Clearstream</b>	<b>Clearstream Banking S.A</b>	
<b>Colombia</b>	<b>Cititrust Columbia S.A. Sociedad Fiduciaria</b>	
<b>Costa Rica</b>	<b>Banco Nacional de Costa Rica</b>	
<b>Croatia</b>	<b>UniCredit Bank Austria AG</b>	<b>Zagrebacka Banka d.d.</b>
<b>Cyprus</b>	<b>Citibank Europe PLC</b>	
<b>Czech Republic</b>	<b>UniCredit Bank Czech Republic and Slovenia, a.s.</b>	
<b>Denmark</b>	<b>Skandinaviska Enskilda Banken AB (publ)</b>	
<b>Egypt</b>	<b>Citibank N.A., Cairo Branch</b>	
<b>Estonia</b>	<b>Swedbank AS</b>	

<b>Euroclear</b>	<b>Euroclear Bank S.A/N.V</b>	
<b>Finland</b>	<b>Skandinaviska Enskilda Banken AB (publ)</b>	
<b>France</b>	<b>The Northern Trust Company</b>	
<b>Germany</b>	<b>The Northern Trust Company</b>	
<b>Ghana</b>	<b>Standard Chartered Bank Ghana Limited</b>	
<b>Greece</b>	<b>Citibank Europe PLC</b>	
<b>Hong Kong</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	
<b>Hong Kong (Stock and Bond Connect)</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	
<b>Hungary</b>	<b>Citibank Europe plc</b>	
<b>Iceland</b>	<b>Landsbankinn hf</b>	
<b>India</b>	<b>Citibank N.A.</b>	
<b>Indonesia</b>	<b>Standard Chartered Bank</b>	
<b>Ireland</b>	<b>The Northern Trust Company, London</b>	



<b>Israel</b>	<b>Citibank, N.A., Israel Branch</b>	
<b>Italy</b>	<b>Citibank Europe plc</b>	
<b>Japan</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	
<b>Jordan</b>	<b>Bank of Jordan Plc</b>	
<b>Kazakhstan</b>	<b>Citibank Kazakhstan JSC</b>	
<b>Kenya</b>	<b>Standard Chartered Bank Kenya Limited</b>	
<b>Kuwait</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank Middle East Limited</b>
<b>Latvia</b>	<b>Swedbank AS</b>	
<b>Lithuania</b>	<b>AB SEB bankas</b>	
<b>Luxembourg</b>	<b>Euroclear Bank S.A./N.V.</b>	
<b>Malaysia</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank Malaysia Berhad</b>
<b>Mauritius</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	
<b>Mexico</b>	<b>Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex</b>	

<b>Morocco</b>	<b>Société Générale Marocaine de Banques</b>	
<b>Namibia</b>	<b>Standard Bank Namibia Ltd</b>	
<b>Netherlands</b>	<b>The Northern Trust Company</b>	
<b>New Zealand</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	
<b>Nigeria</b>	<b>Stanbic IBTC Bank Plc</b>	
<b>Norway</b>	<b>Skandinaviska Enskilda Banken AB (publ)</b>	
<b>Oman</b>	<b>First Abu Dhabi PJSC, Oman Branch</b>	
<b>Pakistan</b>	<b>Citibank N.A., Karachi Branch</b>	
<b>Panama</b>	<b>Citibank N.A., Panama Branch</b>	
<b>Peru</b>	<b>Citibank del Peru S.A.</b>	
<b>Philippines</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	
<b>Poland</b>	<b>Bank Handlowy w Warszawie S.A.</b>	
<b>Portugal</b>	<b>BNP Paribas SA</b>	

<b>Qatar</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank Middle East Limited</b>
<b>Romania</b>	<b>Citibank Europe PLC</b>	
<b>Russia</b>	<b>AO Citibank</b>	
<b>Saudi Arabia</b>	<b>The Northern Trust Company of Saudi Arabia</b>	
<b>Serbia</b>	<b>UniCredit Bank Austria A.G.</b>	<b>UniCredit Bank Serbia JSC</b>
<b>Singapore</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	
<b>Slovakia</b>	<b>Citibank Europe PLC</b>	
<b>Slovenia</b>	<b>UniCredit Banka Slovenija d.d.</b>	
<b>South Africa</b>	<b>The Standard Bank of South Africa Limited</b>	
<b>South Korea</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	
<b>Spain</b>	<b>Citibank Europe plc</b>	
<b>Sri Lanka</b>	<b>Standard Chartered Bank</b>	
<b>Sweden</b>	<b>Skandinaviska Enskilda Banken AB (publ)</b>	

<b>Switzerland</b>	<b>UBS AG Switzerland</b>	
<b>Taiwan</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank (Taiwan) Limited</b>
<b>Tanzania</b>	<b>Standard Chartered Bank (Mauritius) Limited</b>	<b>Standard Chartered Bank Tanzania Limited</b>
<b>Thailand</b>	<b>Citibank N.A., Bangkok Branch</b>	
<b>Tunisia</b>	<b>Union Internationale de Banques</b>	
<b>Turkey</b>	<b>Citibank A.S.</b>	
<b>Uganda</b>	<b>Standard Chartered Bank Uganda Limited</b>	
<b>Ukraine (Market Suspended)</b>	<b>JSC "Citibank"</b>	
<b>United Arab Emirates (ADX)</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank Middle East Limited (DIFC) Branch</b>
<b>United Arab Emirates (DFM)</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank Middle East Limited (DIFC) Branch</b>
<b>United Arab Emirates (NASDAQ)</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank Middle East Limited (DIFC) Branch</b>
<b>United Kingdom</b>	<b>Euroclear UK and Ireland Limited (Northern Trust self-custody)</b>	
<b>United States</b>	<b>The Northern Trust Company</b>	

<b>Uruguay</b>	<b>Banco Itau Uruguay S.A.</b>	
<b>Vietnam</b>	<b>The Hongkong and Shanghai Banking Corporation Limited</b>	<b>HSBC Bank (Vietnam) Ltd</b>
<b>West Africa (UEMOA)</b>	<b>Standard Chartered Bank (Mauritius) Limited</b>	<b>Standard Chartered Bank Cote d'Ivoire SA</b>
<b>Zambia</b>	<b>Standard Chartered Bank Zambia PLC</b>	
<b>Zimbabwe</b>	<b>The Standard Bank of South Africa Limited</b>	<b>Stanbic Bank Zimbabwe Limited</b>

## Appendix D: ACD - Further Information

### Other Regulated Collective Investment Schemes under management

#### **Authorised Contractual Schemes**

TM Brunel Pension Partnership  
ACS

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

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

#### **Authorised Unit Trusts**

BPM Trust  
Eden Investment Fund  
Elfynn International Trust  
Glenhuntley Portfolio Trust  
Hawthorn Portfolio Trust  
KES Diversified Trust  
KES Ivy Fund  
KES Growth Fund  
KES Income and Growth Fund  
KES Strategic Investment Fund  
Latour Growth Fund  
Lavaud Fund  
Malachite Return Fund  
Mossylea Fund  
Pippin Return Fund  
The Argo Fund  
The 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 Gravis UK Listed Property (Feeder) Fund  
TM Growth Fund  
TM Hearthstone UK Residential Feeder Fund  
TM Managed Fund  
TM Masonic Charitable Foundation Investment Fund  
TM Merlin Fund

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

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

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

## Appendix E: Performance History

The below performance table shows the total annual return for **Shares** as a percentage. The performance information is over a five year period and shows the total annual return up to 31 December of 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.

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

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

Year Returns to:	2020 (%)	2021 (%)	2022 (%)	2023 (%)	2024 (%)
<b>The Diversification Fund ICVC</b>	<b>10.14</b>	<b>14.26</b>	<b>-6.57</b>	<b>7.92</b>	<b>10.74</b>

Source of performance data – Morningstar

All performance details are in British pounds and are based on the quoted prices, net of charges.

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



## Appendix F: Directory of Contact Details

**Authorised  
Corporate Director**

**Thesis Unit Trust Management Limited**

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

**Administrator, Fund  
Accountant and  
Registrar**

**Northern Trust Global Services SE, UK branch**

50 Bank Street, Canary Wharf, London E14 5NT

*Dealing Office*

**Thesis Unit Trust Management Limited**

Sunderland SR43 4AZ

Telephone number: 0333 300 0375

**Auditors**

**Grant Thornton UK LLP**

30 Finsbury Square, London EC2A 1AG

**Custodian**

*Principal place of  
business:*

**The Northern Trust Company**

50 South LaSalle Street, Chicago, Illinois, USA

*Who may also act  
under this power  
through its London  
branch:*

50 Bank Street, Canary Wharf, London E14 5NT

**Depository**

**NatWest Trustee and Depository Services Limited**

House A, Floor 0, Gogarburn, 175 Glasgow Road, Edinburgh EH12  
1HQ

**Investment Advisers**

**Evelyn Partners Investment Management Services Limited**

45 Gresham Street, London EC2V 7BG

[www.evelyn.com](http://www.evelyn.com)

**Thesis Asset Management Limited**

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

[www.thesisam.com](http://www.thesisam.com)

**Navera Investment Management Limited**

Riverside House, 2A Southwark Bridge Road, London SE1 9HA

<https://www.naverainvestment.com/>

**Sarasin & Partners LLP**

Juxon House, 100 St Paul's Churchyard, London EC4M 8BU

[www.sarasinandpartners.com](http://www.sarasinandpartners.com)

**Citi Investment Management** (acting through Citibank, N.A. London Branch)

Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB

[www.citibank.co.uk](http://www.citibank.co.uk)

**BlackRock Investment Management (UK) Limited**

12 Throgmorton Avenue, London EC2N 2DL

[www.blackrock.com](http://www.blackrock.com)

**Sub-Delegate**

**Financial Conduct  
Authority (FCA)**

12 Endeavour Square, London E20 1JN